



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Column Views U.S. Congress Hearings on Gulf

HK0712080390 Hong Kong TA KUNG PAO in Chinese
7 Dec 90 p 2

[Political Talk] Column by Shih Chun-yu (2457 0689 3768): "McNamara's Testimony"]

[Text] It Is Difficult To Break the Deadlock of Peace Talks

Iraqi President Saddam Husayn's announcement yesterday of his willingness to shift to an earlier time to release all foreign hostages, namely before Christmas this month, has won praise from many countries. This move seems to alleviate the Gulf crisis, and thus gives rise to optimistic views. So far, however, Iraq has not clearly expressed its acceptance of the first two UN conditions for the resolution of the crisis, that is, Iraq should unconditionally withdraw its troops from Kuwait and restore the original monarchical government of Kuwait. The Iraqi Government still insists on including such issues as Palestine and the Israeli-occupied territories in the peace talks. If Iraq clings to its stand without any change, it will be difficult to break the deadlock of the peace talks.

Bush holds that without Iraq's clear indication of an unconditional withdrawal from Kuwait, one cannot say that the Gulf situation has been alleviated. U.S. Secretary of State Baker said on 5 December when testifying to the Senate Foreign Relations Committee in Congress that the United States' offer of a direct dialogue with Iraq provides Iraq, for the last time, with the best opportunity to resolve the Gulf crisis through peaceful means. He emphasized that if Iraq fails to carry out the resolution of an unconditional withdrawal from Kuwait, nothing but force should be used.

Judging from the current situation, the U.S. Government is taking an extremely uncompromising stand. Now that the 15 January deadline has been set, what counts now is Iraq's reaction on the deadline.

Iraq Is Trying To Find Out About Cards in the Hand of the United States

Saddam Husayn's announcement yesterday to release foreign hostages means his acceptance of only one of the three conditions set forth by the Security Council. Now Iraq is still faced with a grave choice: War or withdrawal. This also means that there will be overt, covert, and fierce talks in the coming month and more. It is impossible for the United States to put on a face of accepting a surrender to Iraq because Baghdad is also trying to find out about the cards in the hand of Bush and Baker who threaten the use of force: Do they really intend to fight, or do they only play the poker game, bluffing?

Undoubtedly, a fierce and ambitious man like Saddam Husayn will not neglect the factor of antiwar sentiment

inside the United States. The U.S. Senate Armed Services Committee's recent invitation to several former defense secretaries and chiefs of staff to give testimony to the committee and express their views on whether or not a war should be launched has attracted more attention from Congress and people in the country.

Following the testimony of former Secretary of Defense Schlesinger, McNamara, who was secretary of defense during the Vietnam war, also testified to the Senate on 5 December. His advice was: "The United States should never repeat a past error."

As secretary of defense to then-President Kennedy and to President Johnson from 1961 to 1968, McNamara has an intimate knowledge of the U.S. situation of getting stuck in the mud in Vietnam.

The Mud of the Vietnam War Should Be Avoided

He said to the senators: "It was not necessary for Bush to send 150,000 more troops to the Gulf region last month. What the United States should do is only maintain the supersession of its front troops as well as a long-lasting restraining force." He held that the purpose of sending American troops to Saudi Arabia is to help bring about results from economic sanctions against Iraq. The time needed is estimated to be one to one and one-half years. During this period, the combat effectiveness of Iraqi troops will drop to a great extent as a result of insufficient supplies.

Sharing the same view, both McNamara and Schlesinger were not in favor of a war, but maintained that as long as protracted sanctions are imposed, it is difficult for Iraq to hold out. He made himself even clearer by saying: "If only restricted attacks are launched on Iraq, the chance of success will be extremely low. When the time comes, we may be forced to escalate the war, like we did in Vietnam." He also said: "Everyone knows 90 percent of the casualties by that time will be American soldiers." He warned that the recurrence of the Vietnam war mistake should be prevented.

Americans are badly injured and in great pain by the bitter lessons of the Vietnam war. Saddam Husayn indeed has the ground for using Americans' antiwar sentiment and the weak points of the fragile U.S. economy as a bargaining chip at the negotiation table, thus making it a drawn-out and changeable one.

U.S. 'Dual Standards' in UN Resolution Viewed

HK0712104390 Hong Kong HSIN WAN PAO
in Chinese 7 Dec 90 p 1

["New Talk" column: "The United States Has Revealed Its Dual Standards Again"]

[Text] As a dim ray of hope for a peaceful resolution of the Gulf crisis was appearing, the plenary session of the United Nations General Assembly [UNGA] took another stride forward. Yesterday, a resolution was

passed with an overwhelming majority—144 votes against two, calling for the convening of an international meeting to seek a way for the resolution of the Middle East issue.

Some time ago, many people said that the Gulf crisis was only a derivative of the Middle East issue, which has remained unresolved for many years. We should of course denounce Iraq for invading and annexing Kuwait, and Iraq should withdraw troops. Should we forever give a free hand to Israel and not punish it for occupying the Palestinian territories over the years following the four Middle East wars?

Over the years, the UN Security Council has passed many resolutions demanding Israel withdraw troops from the occupied Palestinian territories. With U.S. support, however, Israel has always turned a deaf ear to them. Following the Iraqi invasion of Kuwait, the UN Security Council has, under the United States' urging, passed 12 resolutions with the last demanding Iraq withdraw troops before the time limit, and authorizing the use of force. A comparison of the two above cases shows that there has been bias.

The resolution passed yesterday by the UNGA only calls for the convening of a peace conference for the Middle East, and urges various parties in the Middle East dispute and the five permanent members of the UN Security Council to convene a meeting on an equal footing. It demands that a comprehensive and fair resolution to the Palestinian issue be sought as soon as possible, and urges Israel to withdraw from the occupied territories on the Arabian peninsula and Palestine.

The latest resolution is different from UN Security Council resolutions because the former is only a disciplined appeal without obliging relevant countries to attend the meeting, whereas all UN Security Council resolutions, when passed, must be enforced and are irresistibly authoritative and compelling.

The fact that the resolution was passed with 140 countries voting for it shows that they hold the same view that the Middle East issue must be resolved without delay. The Israeli-Arab dispute was already under discussion by the United Nations at the very beginning of its founding in the 1940's. The problem still remains unresolved. Is this not the greatest satire on human wisdom?

Only two countries voted against the resolution this time, namely the United States and Israel, standing alone on one side. Being a superpower, the United States always chants justice and human rights. The voting this time, however, reveals once again that it uses sharply contrasting dual standards.

Since the UN Security Council set a time for Iraq's troop withdrawal from Kuwait, the United States has proposed that it is willing to hold direct talks with Iraq over the problem of troop withdrawal. It is said that in preparing itself for the talks, Iraq has held discussions with Jordan, Yemen, and the Palestine Liberation Organization. They

maintained that the condition for troop withdrawal is the resolution of the Israeli-Arab dispute. The United States has already rejected this. We should now wait and see what dealings will be made during the two countries' mutual visits (the Iraqi foreign minister will visit the United States and meet with Bush; the U.S. secretary of state will visit Iraq and meet with Saddam).

The Middle East issue has become particularly prominent since the Gulf crisis broke out, and is a great burden to the United States. If it does not pass it to somebody else, it will have to suffer for it sooner or later.

Gulf Impact on World Money Markets Examined

*OW0612114890 Beijing Domestic Service
in Mandarin 0530 GMT 5 Dec 90*

["Roundup" by station commentator Ji Ping: "The Impact of the Gulf Crisis on the World Money Market"]

[Text] The eruption of the Persian Gulf crisis has rocked the money market the world over. First, the rise in oil prices has raised prices of oil-based products and other commodities, thus increasing pressure on inflation.

According to estimates by the Organization of Economic Cooperation and Development [OECD], if the price of a barrel of oil costing \$20 increased \$3, the average inflation rate in its 24 member nations would increase by 0.5 percent, and the average economic growth rate would drop 0.2 percent in a year.

Oil price rises have also sharpened the problem of capital shortage and sustained—even further increasing—high interest rates on the international money market.

Everyone knows that high interest rates have a direct impact on enterprises in terms of their ability to raise capital, as well as on economic growth, thus causing economic difficulties in some countries. Moreover, gloomy economic prospects have also triggered a sharp drop in stock market prices around the world. In fact, this has been going on for some time and will continue. If war breaks out in the Gulf, then stock markets the world over will suffer another attack, and stock prices will drop even further.

Second, the Gulf crisis has destabilized exchange rates and gold prices in all countries. Currency exchange rates in Western countries fluctuate differently. Currencies in oil-dependent countries, such as the Japanese yen, have been at a disadvantage, and have been buffeted many times on the foreign exchange market. Only after Japan raised interest rates could it stop the yen from falling further. In the cases of Britain, Australia, and Canada, their currencies' exchange rates have kept rising because they have oil to export and because their interest rates have always been high. The British pound and the Canadian dollar have now risen to their highest points in eight and ten years respectively in their exchange rates with the U.S. dollar.

The United States imports approximately half of its oil supply. Oil price rises have exacerbated its inflation. Its

military expenditures have also increased as result of sending troops to the Gulf. Consequently, the U.S. financial situation has worsened, significantly affecting the status of the U.S. dollar. The dollar's exchange rate has been falling continuously.

Banking circles may also suffer seriously from the Gulf crisis. Export credits which the West extended to Iraq face the danger of default. Because of economic difficulties caused by the Iran-Iraq war and because many commodities imported by Iraq were paid for with credit extended to Iraq by certain export credit organs in the West and not with cash, Iraq's total unpaid credit had reached \$7.3 billion by the end of 1989, according to the International Clearing Bank and the OECD. According to Western banking circles, the total of all types of credit that banking institutions and trade companies have extended to Iraq shows that Iraq currently owes the West more than \$10 billion. People worry that Iraq will be unable to repay its debts to the West quickly because of the Gulf crisis.

The flow of petrodollars is another noteworthy issue. Kuwait has ample oil reserves and its foreign exchange reserves are enormous. During the last decade or so, it has accumulated huge amounts of petrodollars and has invested large sums overseas. According to estimates, Kuwait's total investments abroad have reached \$100 billion. The flow of this money is noteworthy. If Kuwait withdraws large amounts of the money because of the Gulf crisis, world money markets will become even more volatile.

Chinese, Japanese Scholars View World Economy
OW0512193490 Beijing BEIJING REVIEW in English
No 47, 19-25 Nov 90 pp 8-11

["Current World Economic Situation—Chinese Scholar He Xin's Talk With Japanese Professor Yabuki Susumu (I)"—BEIJING REVIEW headline]

[Text] On August 15, Economics Professor Yabuki Susumu of Japan's Yokohama City University met with Chinese scholar He Xin during his visit in China. They had a lengthy talk which revolved around the current world economic situation, their evaluation of the advantages and disadvantages of the socialist system, China's economic development and the economy of the East Pacific region—questions of interest to many of our foreign readers. Minutes of their talk, edited by He Xin, will be published in three instalments beginning with this issue. The following is the first part.—Ed.

I. The World Economy Today

1. The Crux of Current World Economic Problems

S: Mr. He, I'm very pleased to meet you in Beijing.

He: Thank you very much. You are a noted authority of economics and I'd like to get your opinion on China's economy.

S: Likewise, I want to solicit your advice, Mr He Xin.

He: Economics is not my speciality, and my views are lacking certain expertise.

S: I read your article in the monthly publication *Ming Pao* in 1988 and was deeply impressed by your analysis of China's economic problems. I've come especially to get your advice.

He: I don't have much to say regarding China's economy because it is out of my line. My knowledge is limited to what I read in newspapers and magazines.

S: In any event, give me your analysis of the current world economic situation.

He: Well, in this regard, I only have half-baked knowledge. But, internationally, it seems there are different views, optimistic and pessimistic, on the future economic situation.

S: Which side do you stand by? I suppose you are an optimist.

He: Not necessarily. In terms of the overall world economic situation, it seems that all countries are facing some problems. The United States is in great trouble and Japan, though it has had a very high growth rate in recent years, will probably face increasing problems in the future. Recent events in the Gulf, as a matter of fact, are rooted in economics and are signals that the world economy may encounter difficulties in the years to come.

S: In your opinion, what is the crux of the current world economic problems?

He: Roughly speaking, I think there are two basic problems. First, the world's resources are limited, so is the opportunity for development. Under the current world economic system, the road leading to prosperity and modernization is not a thoroughfare open equally wide to all countries.

Second, the current world economic structure is not equitable and it is impossible for various countries to have equal opportunities for peace and development. On the contrary, the present economic framework has led to rapid polarization between rich and poor countries.

S: Such statements are very critical. Please give me some details.

He: Karl Marx once put forward a law that explained how the working class was being reduced to a position of absolute poverty as capitalist science and technology developed. Many people dispute this on the grounds that the number of blue collar workers is decreasing in developed countries, while increasing numbers of white collar workers are joining the middle class and live in affluence.

S: This is a fact.

He: True, but no one is questioning why the number of blue collar workers is decreasing in developed countries.

After the 1970s, the developed countries transferred their labour-intensive basic industries to the developing nations. The reason for the shift was because the developed countries had raised workers' wages on the strength of trade unions and government interference. Government interference in workers' wages was designed to maintain social stability in the developed countries.

This kind of industrial transfer, however, also shifted the poverty of the working class to underdeveloped countries. At present, Marx's law is holding true not in the developed countries but in the undeveloped world, an area containing a huge population. The fact that this law is playing a role in the world economy is obviously the result of a world economy heading towards increasing integration.

Some developing countries (for example, Africa south of the Sahara and some areas in Latin America) are now mired in tragic, dire poverty.

There are 100 million children around the world suffering from starvation each year and 40,000 die from hunger every day. What a sharp contradiction it is compared with the achievements of science and technology and wealth of the 20th century.

Such a structure of polarization between the rich and the poor will definitely generate tension in political relations between nations and may trigger serious regional and even worldwide unrest. Even if the present Gulf crisis can be resolved smoothly, there will be, I think only temporary peace.

New conflicts and crises are likely to break out one after another in many places of the world in the future.

The current world economic and political conditions seem to be similar to those before World War I and World War II. The difference is the present situation is more complicated and uncertain.

2. Why Are Developed Countries Wealthy?

S: Do you mean the industrialization in developing countries is a failure?

He: The promotion of industrialization over the past 30 years has allowed some developing countries to catch up with the developed countries. Some, successful in the export of manufactured goods, are competitive with the developed nations.

The developed countries, however, first invented a transnational corporation and then an external debt-oriented economy. The result is that valuable resources of the developing countries have flowed abroad.

Recently I was surprised by some statistics of the United Nations which indicated that in recent years it was not the developed countries that had invested in the developing countries, but the other way round. If the developed nations' investment in the developing countries

since 1983 is subtracted from the interest and profits flowing from the latter to the former, the result is a negative figure.

That is to say, overall, the world's capital has not flowed from rich to poor countries over the past ten years, but the other way round. A net sum of US\$50 billion flows out annually on the average with the total sum exceeding US\$350 billion in the seven years between 1983 and 1989. The destinations are the United States, Japan and Western Europe. This figure answers the question why many underdeveloped countries (such as Latin American countries) have become poorer than before after they have realized industrialization since the 1980s. It also demonstrates where the source of developed countries' wealth lies.

Some Western economists, however, have tried to convince us that the main reason why underdeveloped countries are in such a poor state is that our social system—non-free market economy, backward culture and so on—is not good.

S: If this is the case, why are the developing countries still trying their utmost to absorb foreign capital?

He: This is, clearly, a difficult problem. If the developing countries do not attract foreign capital, they will lack the initial funds necessary for industrialization and the development of science and technology, and will become even more backward for lack of advanced technology. Furthermore, foreign-funded enterprises can help provide some jobs.

However, the problem is that developed countries invest not out of charity, nor to help developing countries realize modernization. They come to make money. They will not invest in those places where profits are not enormous and in markets which lack purchasing power or where there is no nearby market with great purchasing power, even if the policy is open.

There is actually an economic law at work in this situation. The richer a place is, the more investments people will make. The poorer a place is, the more difficult it will be to attract investment.

Therefore, it is not the third world, but the United States and Western Europe which receive the most outside investment. In fact, there is an economic law governing the adverse flow of funds to the rich countries.

3. Why Are Underdeveloped Countries Poor?

S: Currently, some Japanese economists believe it is very difficult for the developing countries to successfully follow the traditional road of industrialization and modernization. What do you think?

He: Why is this? One, because their development policy is problematical and, second, because the developed nations do not want them to succeed.

Since the 1970s and 1980s, the industries of the developing countries have made rapid progress. But their

development is mostly based on a no-win choice: In an effort to speed up their modernization, these countries have had to compete with one another for usurious loans from rich countries in order to expand their investment in production equipment.

Their original idea was that with industrialization they could export their products to earn foreign exchange and repay their debts, making big profits with a small capital. For example, Brazil and Mexico in Latin America, Yugoslavia, Poland and East Germany in Eastern Europe, and India in Asia all shared this idea.

But, based on the current situation, this way is impassable. The debtor nations have been bogged down one after another in debt because of the difficulties they met in export. Although many Asian, African and Latin American countries have an industrial base, their economies have suffered negative growth for many years. Ordinary people are living a poorer life than they were in previous times of a simpler economy before industrialization (the economy of the Philippines in Asia is an example).

There is a reduction in the world market demand, not because the material needs of the world have been satisfied, but because the underdeveloped countries find it increasingly difficult to afford to buy the goods they need. On the other hand, the developed countries, which can afford to buy, have an overstock of products and do not need to buy.

In order to repay debts, the developing countries must expand exports and reduce imports. As a result, their markets diminish. The increase in the number of exporters of industrial goods, moreover, threatens the industries of the developed nations, making their equipment lie idle, their business operate under capacity and their rate of unemployment rises. Given this situation, the developed nations have used various economic and supra-economic means to reduce imports.

The so-called "trade protectionism" is used by the developed nations to deal with the export of industrial goods by developing countries. The four small Asian dragons (Hong Kong, South Korea, Taiwan and Singapore), which have built themselves up in the past by relying on the markets of the developed nations, now find the going is getting rough. Underdeveloped countries which have difficulties repaying their debts because of a failure to expand exports have to borrow new loans to repay old debts. Interest on the old debts is compounded with interest—the more they repay, the more they owe. Such a vicious cycle has existed for more than ten years. The debts of some countries have, therefore, reached an astronomical figure and the so-called "debt crisis" has come about.

(Recently I had a talk with Jose A. Guerra, Cuban Ambassador to China. Speaking of the debt problem facing some South American countries, the ambassador noted that the figure was astronomical, simply beyond the countries' ability to repay. This is a fact known to the United States, but Washington finds it necessary to use this debt chain to control them economically and politically.)

More than 80 countries are now facing huge debts. About 40 countries cannot pay their debts and the national economy of 17 is now on the brink of Bankruptcy because of their fiscal situation.

Even the United States is now in a financial predicament—it faces a huge debt and a total financial deficit of US\$500 billion. Of course, the cause of its debt is different from those of underdeveloped countries. But the fact that the United States has been transformed from the world's largest creditor to the largest debtor nation over the past ten years is significant.

4. Prospects for World Economic Development

S: I've never expected that you would be so pessimistic about the world economy.

He: Well, of course, perhaps you're optimistic because you're a Japanese economist. But, if the above figures are accurate, how can one be optimistic about the World economy? Though separated just by only a piece of land, the situation in individual countries is very different—the rich squander their wealth in a paradise, while the poor do not have food for the next day. Given such an unbalanced state, how is it possible to prevent the outbreak of struggle and conflict?

A book I read by a Japanese economist on Keynesian economic theory sums up the economic idea of Keynes: The rapid polarization between rich and poor in society will lead to a drop in the consumption level of most people and constitute a basic cause of economic crisis. This is a very profound theory. It's a pity that among those in China who have introduced Keynes, no one has taken note of this idea. It is very strange.

When we use this theory to examine the current world economy, we see that within the world market the huge debt is leading to rapid polarization between the rich and the poor.

Many underdeveloped countries, even the industrialized countries in Eastern Europe, must now use the main part of their national income to repay their debts. The world economy is facing a profound crisis.

If the foreign trade departments of many underdeveloped countries have to earn foreign exchange to pay off their debts, how will they afford to buy products on the international market, including such items as grain? We've noticed that while grain-producing countries such as the United States, Canada and Australia are facing problems in selling excessive grain, many poverty-stricken countries face famine. This is the reality of today's world economy.

After the change in Eastern Europe last year, some believed that world capitalism was entering a golden age. My personal view is the opposite. In my opinion, during the next 10-20 years the entire capitalist world economic system will experience the most profound and serious overall crisis since the dawn of history.

S: Stalin once predicted an overall crisis of the capitalist world economy.

He: Based on the present situation, his remarks were made a bit too early.

S: As you know, a worldwide depression took place between 1929-36. But, relying on the Keynesian theory, capitalism has regained its vigour.

He: This was followed by the outbreak of another world war. The two world wars in this century were all connected to the economic crisis which, in turn, was related to the overgrowth of the developed nations' industry. This is really thought provoking.

5. The World Economy Faces Profound Crisis

S: Do you think that a new world war will break out?

He: Conditions for the outbreak of a new world war are not ripe. Since the sudden change in the world situation last year, new antagonistic, political and military axes have not been formed. But the present Gulf crisis is a dangerous warning. Suppose there were a big power behind Iraq. The consequences of such a crisis would obviously be different.

S: Yes, that's certainly true.

He: On the other hand, the conditions for a worldwide economic crisis are growing. Trade wars among the developed nations and between the developed and developing countries are, in fact, signs of an economic crisis.

Before, people shouted "the wolf is coming! The wolf is coming!" But the wolf never came. In the end people stopped listening to such cries. Since the 1970s, world capitalism, propelled by new technology, has experienced a minor economic springtime for more than 20 years, making some people in the world renew the worship of the free market economy. Now, when the "wolf," the overall crisis within the capitalist world economy, is on its way, the public appears to be ignoring it.

S: Have you read "The Great depression of 1990" by the American economist Ravi Batra? He predicts that the world economy will experience a great crisis between 1990 and 1997.

He: I am familiar with this book. The author's sever criticism of US capitalism left a deep impression on me. Unfortunately, the world economic recession brought on by the present Gulf crisis seems to bear out his prediction.

Delegation Signs Document Combatting Oil Spills

OW0112051590 Beijing XINHUA in English
0245 GMT 1 Dec 90

[Text] London, November 30 (XINHUA)—The International Maritime Organisation (IMO) today closed a two-week conference at its headquarters in London, adopting a new treaty to combat oil spills.

The meeting was convened at the request of its member countries following the U.S. registered Exxon Valdez tanker disaster of Alaska in March last year.

More than 370 delegates from 93 countries, including China, attended the conference.

At the meeting, the Chinese delegation put forth its proposal on measures on safety at sea, which was absorbed in the final document and the treaty.

China especially urged industrialized countries to help developing countries enhance their abilities to combat and prevent oil pollution.

The treaty extends IMO regulations to fight oil pollution by creating emergency plans on ships and offshore installations, including improved port and oil handling facilities. It also sets a framework for cooperation among member countries in dealing with oil spills.

China and other 80 nations signed the final document passed at the end of the session and 15 countries accepted and signed the treaty, which will come into force in 12 months.

World Bank Loans Fund Rural Projects

HK0612032090 Beijing CHINA DAILY in English
6 Dec 90 p 1

[By staff reporter Li Hong]

[Text] The World Bank approved in Washington on Tuesday a mixed loan of \$114.3 million to support Chinese rural industrial projects, CHINA DAILY was told yesterday.

Chinese officials in Beijing welcomed the news, saying the loan means the World Bank is moving towards full resumption of loans to China.

They said that they are optimistic that the bank, the biggest source of aid to the Third World, would soon consider releasing other loans suspended after the turmoil in China last June.

"We consider the approval of the loan as a breakthrough," said an official who declined to be named.

The World Bank resumed loans to China in February usually for emergency purposes or agricultural programmes.

Sources said this is the first time since last June that the bank has approved a loan for an industrial project.

The newly-approved loan will be executed by the Agricultural Bank of China and other banking institutions to finance rural industrial projects in Jiangsu and Jilin provinces as well as Shanghai.

Of the mixed loan, \$64.3 million will come from the bank's soft-loan arm, the International Development Association, with the rest coming in the form of a commercial loan.

The soft loan carries a 35-year repayment term including a 10-year grace period while the commercial loan carries a 20-year repayment period including a five-year grace period at the present standard variable interest rate of 7.79 percent.

Beijing Marks 'International Volunteers Day'

OW0512213290 Beijing XINHUA in English
1303 GMT 5 Dec 90

[Text] Beijing, December 5 (XINHUA)—A group of foreign volunteers working in China gathered in the North China University of Technology here today to celebrate their own holiday, "International Volunteers Day."

Organized by the United Nations Development Program (UNDP) and the China International Center for Economic and Technical Exchanges (CICETE) under the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT), the celebration was attended by volunteers and representatives from the United Nations Volunteers (UNV) Program.

The UNV Program, which operates under the UNDP headquarters in Geneva, was created in December 1970. Following the decision of the UN General Assembly in 1985, governments, groups and individuals the world over have observed and celebrated International Volunteers Day on December 5.

The UNV Program is the world's unique multilateral volunteer-sending organization. Over the years it has become one of the UN's foremost suppliers of middle and upper level specialist-professionals who work with national and international personnel in over 100 developing countries.

Since China joined the program in 1981, it has received over 60 UN volunteers. At present, there are 25 volunteers serving in China, primarily as English teachers, and 30 Chinese UN volunteers working in over 15 developing countries.

Xu Pengfei, director of CICETE, said that the Chinese Government has always supported and attached importance to cooperating with the UNV Program, adding that such cooperation should be further strengthened.

He also expressed the hope for further cooperation with more international volunteer groups, in order to make greater contributions to the common prosperity and development of the human race, and to the peace and stability of the world.

Jan Mattson, deputy resident representative of the UNDP, spoke highly of the spirit of volunteerism. He said developing countries look "increasingly to qualified dedicated

volunteer experts" to help their citizens. He called on more experts and professionals to join the program.

The UN volunteers present on the occasion were invited to visit the art gallery of the university and watch demonstrations by folk artists.

United States & Canada

Qian Qichen's U.S. Visit Reviewed

OW0612193190 Beijing International Service
in Mandarin 0900 GMT 4 Dec 90

["Roundup" by station reporter (Chen Jincai) in Washington: "A Visit Helpful for Improving Sino-U.S. Relations"]

[Text] Chinese Foreign Minister Qian Qichen paid a two-day official visit to Washington from 30 November to 1 December at the invitation of U.S. Secretary of State James Baker. Because high-level contacts between China and the United States had been discontinued for a period of time, this visit was, therefore, regarded by people as an important event in the history of Sino-U.S. relations.

After China quelled the antigovernment disturbances in Beijing in June of last year, the United States interfered in China's internal affairs on the pretext of so-called human rights, and applied sanctions against China, including banning high-level contacts with the Chinese side. The United States has realized, however, that it is impossible to isolate China, a country that Bush describes as very important. In the past year or so, President Bush has sent Scowcroft, his national security adviser, to China twice. Secretary of State Baker met with Foreign Minister Qian four times prior to their recent meeting in Washington. We may say that Baker's invitation to Foreign Minister Qian to pay an official visit to the United States was a logical development in Sino-U.S. relations.

The progress of the visit shows that both China and the United States have realized that the restoration and development of Sino-U.S. relations are beneficial to both countries and to world peace. Soon after his talks with Baker, Foreign Minister Qian had a meeting with President Bush. Present at the meeting were senior White House staff, including Chief of Staff Sununu and National Security Adviser Scowcroft. Prior to the meeting, Bush emphasized the importance of Sino-U.S. relations in front of reporters. He said that both China and the United States were making efforts to strengthen bilateral relations, which both sides regard as important, and that Sino-U.S. relations have many positive and very important aspects. During his meeting with Foreign Minister Qian, the President said that he attached importance to Qian's visit and hoped it would help improve Sino-U.S. relations.

All of Baker's principal aides attended a luncheon he hosted for Foreign Minister Qian. In addition, the U.S. side also made arrangements for Foreign Minister Qian to meet with Secretary of Commerce Mosbacher, Senate

Republican leader Dole, member of the Congress Foreign Affairs Committee Solarz, and several others. The talks and meetings have enhanced mutual understanding between the two sides. Both sides agreed that the two nations have common interests on many issues. As regards international issues, the two nations have some differences but many views are identical, and they can continue cooperation in the future. The two sides also realized that although they differ on certain issues, their relations can be put back on a normal track if they make concerted efforts to increase contacts and enhance mutual understanding.

Therefore, the two sides agreed that U.S. Under Secretary of State Bartholomew and Assistant Secretary of State Schifter will visit China consecutively in the near future.

Sino-U.S. Economic Cooperation Symposium Noted

*HK0712084890 Beijing XINHUA Domestic Service
in Chinese 1652 GMT 6 Dec 90*

[Report by Bai Guoliang (4101 0948 5328) and Wang Qi (3769 7871): "International Symposium on U.S.-Sino Economic Cooperation Concluded in Shanghai"—XINHUA headline]

[Text] Shanghai, 6 December (XINHUA)—The four-day international symposium on Sino-U.S. economic cooperation ended in Shanghai today. At the symposium, more than 60 Chinese and American economics specialists, scholars, and professors carried out friendly, frank, and heated exchanges and discussions on issues of common interest, such as Sino-U.S. economic relations and China's economy in the 1990's.

The participating Chinese and American economists held that in the past 10 years, though it has met various frustrations, China's economic restructure reform can be considered successful on the whole. American specialists call it the most amazing achievement ever scored in reforms carried out by socialist countries.

Looking forward to the 1990's, the Chinese and American specialists unanimously agreed that China should continue its economic structure reform step by step, and special efforts should be made on reforming the price, financial, and enterprise management systems aiming at raising internal efficiency. At the same time, importance should be continuously attached to rural reform so as to prevent the emergence of regional protectionism.

The symposium received over 50 relevant theses from Chinese and American specialists.

Southeast Asia & Pacific

Li Peng's SE Asia Tour of 'Great Significance'

*OW0712083990 Beijing XINHUA in English
0821 GMT 7 Dec 90*

[Text] Beijing, December 7 (XINHUA)—Xu Dunxin, China's assistant foreign minister, says that Chinese Premier Li Peng's upcoming visit to four Asian nations is of "great significance".

Xu made the remark during an exclusive interview with XINHUA prior to Li Peng's official good-will visit to Malaysia, the Philippines, Laos and Sri Lanka, scheduled from December 10-19.

He said that the aim of the visit is to "forge a closer link with China's neighboring and peripheral countries, and is a major diplomatic move to promote good-neighbor relations and friendship."

"The visit is of great importance to promoting peace and stability in the Asian region."

The assistant minister, who will accompany Li on the tour, said the premier will participate in a full exchange of views with leaders of the four nations concerning the further development of bilateral relations and regional and international situations of common concern.

Xu, speaking about the prospects of further developing relations between China and the four nations, said that the nations share similar and common interests in international affairs, and that each nation has its own characteristics and experiences in economic development and improving people's lives.

The enhancement of political and economic cooperation among the Third World countries is realistically significant in view of the current deteriorating world economy, increasingly wide gaps between the north and south, and the economic difficulties faced by many countries, said Xu.

The development of friendship and co-operation with ASEAN countries has been an unswerving policy of China. The resumption of diplomatic relations with Indonesia and the establishment of diplomatic relations with Singapore, earlier this year, have ushered in a new stage of all-round development of China's relations with ASEAN countries, he added.

Xu recalled last August's visit by Premier Li Peng to Indonesia, Singapore and Thailand, and the recent visits to China by Singapore's Prime Minister Lee Kuan Yew, Indonesian President Suharto and Thailand's Prime Minister Chatchai Chunhawan. Xu said that Premier Li's upcoming visits to two other important ASEAN countries—Malaysia and the Philippines—would further promote China's co-operation with these countries in the fields of economics, trade, science and technology and culture.

The assistant foreign minister stressed that China and Laos have been friendly neighboring countries since ancient times. The people of the two countries have helped and supported each other in the course of revolution and construction, which has resulted in the development of a profound friendship between them. In recent years the two countries have developed exchanges and co-operation in politics, economics, culture and sports.

Xu noted that Sri Lanka established diplomatic relations with China in the 1950s, and that in the past thirty years,

and more, the two countries have always treated each other as friends and equals. Xu praised this relationship as an good example that can be used as a guidepost for relations between two countries with different systems.

Xu stressed that China and the four nations which the Chinese premier will visit have a strong desire to promote co-operation. He reiterated that Li's upcoming visit will add a new chapter to the annals of friendly relations with the four countries, and will further promote a good-neighbor relationship on the basis of the five principles of peaceful co-existence.

Malaysia Announces Li Visit

BK0612132690 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 6 Dec 90

[Text] The Chinese Prime Minister, Li Peng, will make an official visit to the country beginning 10 December at Prime Minister Datuk Sri Dr. Mahathir's invitation.

According to a Foreign Ministry statement, the Chinese leader will be accompanied by his wife and a delegation of cabinet ministers and other government officials.

Among other things, Mr. Li Peng will hold talks on bilateral relations and regional issues with his Malaysian counterpart during the four-day visit. He will also be granted an audience with the Paramount ruler, Sultan Azlan Shah.

The Chinese prime minister's itinerary includes a visit to the Shah Alam industrial zone and the Proton Saga production plant.

Opposition to UN Cambodia Proposals Criticized

OW0312194390 Beijing XINHUA in English
1453 GMT 3 Dec 90

[Text] Bangkok, December 3 (XINHUA)—The Ministry of Foreign Affairs of the National Government of Cambodia has criticized Hanoi and the Phnom Penh regime for opposing United Nations proposals on the country. In a statement issued here today, the ministry said the Hanoi authorities had been trying hard to oppose a comprehensive political settlement of the Cambodian issue on the basis of the framework document set out by the five permanent members of the U.N. Security Council and U.N. Resolution 668 (1990). While carrying out activities to sabotage all these documents, the Hanoi authorities had also been sending fresh troops to Cambodia in an attempt to capture the territories under the control of the Cambodian National Resistance, it said. Meanwhile, the Hanoi authorities ordered the Phnom Penh regime to reject the U.N. enhanced role and peace-keeping forces in Cambodia, the election of Samdech Norodom Sihanouk as the chairman of the Supreme National Council (SNC) and the mandate of the SNC and the U.N. transitional authorities for the administration of Cambodia transitional period, the statement went on. The Cambodian people and the resistance firmly abide by these U.N. documents on Cambodia and will continue to compel Hanoi and the Phnom

Penh regime to accept and implement them, and to put an end of their war of aggression and occupation of Cambodia, the ministry added.

Price Hikes May Affect Philippine Stability

OW0612183790 Beijing XINHUA in English
1654 GMT 6 Dec 90

["News Analysis: Petroleum Prices Rocket in Philippines by Wang Jinhe"—XINHUA headline]

[Text] Manila, December 6 (XINHUA)—Unprecedented price rises for all petroleum products were put into effect in the Philippines yesterday.

The Energy Regulatory Board (ERB), said the average increase was to be 45.24 percent. The price of premium grade petrol went up 79.82 percent, and that of regular by 76.47 percent.

This was the second price rise since the August invasion of Kuwait by Iraq. The first, at an average 24 percent, came into effect on September 21.

Complaints began to rage from early morning when fewer vehicles were seen on the streets and price tags in supermarkets, department stores and shops were found to have been updated overnight.

Earlier, the country's three major oil companies had petitioned for a three-peso rise in oil prices. There was wide-spread puzzlement over why the latest increases were so much greater than had been asked for.

ERB explained that it was because since the start of the Middle East crisis, oil prices on the world market had kept going up while the Philippine currency, has been devalued several times.

But financial sources here said that the current price rises had much to do with the negotiations just ended here between the Philippines and the International Money Fund (IMF).

The Philippines asked the IMF to provide it with a new loan of 700 million U.S. dollars while on its part, the IMF said it would do so when the Philippines raises oil prices and cancelled the allowance for oil and increased the tax on imports, including raw materials, by seven percent.

Analysts noted that the price rises would unavoidably push the country's inflation rate to over 20 percent. Statistics showed that the November inflation rate in Metro Manila reached 16.6 percent, 6.3 percent of the figure for the same month last year.

Oil accounts for 65 percent of the Philippines' energy sources and 95 percent of the oil is imported. At present the country burns about 240,000 bbl [barrels] a day.

After hearing about the price rises, congressmen claimed that the Philippine Government would face very serious

troubles, with great unrest among the people. Some even said that this was the "worst Christmas gift" the government had given the people.

Labor leaders who were also shocked by the increases, said they would have to reconsider the decision to suspend a nationwide strike which had taken place in October over price rises and calls for wage increases.

Analysts said that though President Corason Aquino did not agree to push up the prices of kerosene, diesel oil and cooking [word indistinct], an all-round prices increase was unavoidable for electricity, drinking water, transport, food, and even medical fees, tuition and entertainment.

The analysts also noted that the price rises might also affect the political stability of the country, saying that the two coup attempts in August of 1987 and in December of 1989 were also seen in the wake of oil price rises.

Near East & South Asia

Envoy to Algeria Reiterates Middle East Stance

OW0712031090 Beijing XINHUA in English
0255 GMT 7 Dec 90

[Text] Algiers, December 6 (XINHUA)—China wants a political settlement to all the Middle-East problems and the holding of an international conference on the Middle-East, to be attended by the five U.N. Security Council permanent members and all parties involved, the Chinese Ambassador to Algeria An Huihou said today.

Invited to speak on the Algerian television in a program dedicated to Palestine, An said that in order to realize peace in the Middle-East, Israel should withdraw from Arab territories, and seek a peaceful co-existence of the Arabs and Jews with Israel and Palestine mutually recognizing each other.

He said the Palestinian issue was the crux of the Middle-East issue and should be given special attention and an early and fair solution by the international community.

He also called on all countries involved in the Middle-East conflicts to have all possible kinds of dialogue with each other.

An reaffirmed China's support to the struggle of the Palestinian people for independence, and its opposition to the policy of aggression and expansion of Israel.

China condemns the brutal repression by the Israeli authorities on the Palestinians in the occupied territories, and appeals to the international community to take effective measures to stop the illegal conducts of Israeli authorities, he said.

RENMIN RIBAO Article

HK0612134590 Beijing RENMIN RIBAO in Chinese
29 Nov 90 p 6

[Article by Xie Bangding (6200 6721 1353): "The Palestinian Question Must Be Solved Justly and Rationally"]

[Text] On the eve of the 12th anniversary of the international day on which people all over the world expressed support for the Palestinian people, the Israeli authorities went so far as to threaten on 18 November: "For the sake of our future generations, the large numbers of immigrants, as well as the Jews, we are determined to hold fast to the Israeli territories, ranging from the Mediterranean to the Jordan River." The Israeli authorities' stubborn resistance to the series of UN resolutions on the Middle East issue adopted in the past nearly half century, and their move to continuously trample upon the Palestinian nation's national rights naturally have aroused once again the indignation of the vast numbers of the Palestinian people, the Arab people, Israelis with insight, and people in various countries throughout the world.

The Palestinian question has long been the core of the Middle East issue. The crux of the Middle East's protracted instability lies with the Israeli armed occupation of Palestine and territories of other Arab countries, depriving the Palestinian people of their national rights. In recent years, the Israeli authorities' persistence in their inflexible stand has repeatedly hindered the process of peace in the Middle East. In pursuance of a hostile policy toward the Arab people, the right-wing government organized in Israel this year, which is composed of the Likud group and six other small religious and right-wing parties, has continued to carry out a brutal suppression of the Palestinians in the occupied territories. Last October, the Israeli armed police shot dead Palestinian people in East Jerusalem, causing several hundred casualties. This has been extensively condemned by the people of the whole world. At the same time, the Israeli authorities are stepping up their efforts to help settle large numbers of Jewish immigrants, giving rise to an even tenser situation in the occupied territories.

In addition to unceasingly deteriorating the complicated Middle East situation, the Israeli authorities' stubborn persistence in its policy of aggression and expansion has deprived millions of Palestinians of their national rights of existence. These Palestinians have become destitute and homeless, living in an abyss of misery and not knowing in the morning what may happen to their lives and property in the evening. Under such circumstances, not only is it hardly possible to bring about a lasting peace in the Middle East region, but world peace and security also will be affected.

The Israeli authorities should, by drawing historical lessons and striking out on a new path, stop its suppression of the Palestinian people in the occupied territories, give up its stand of aggression and expansion, and adopt such a realistic attitude in the process of peace in the Middle East as to withdraw from its occupied Palestinian and Arab territories. If Israel clings obstinately to its course and fails

to change its policy of aggression and expansion, the Palestinian people's struggle to restore their national rights will by no means cease, while countries and people in Arab countries and the world who uphold justice will continue their support for the Palestinian people's just cause, undoubtedly putting the Israeli authorities in a more isolated position in the international community.

At present, vigorous efforts are being made for a peaceful resolution of the Gulf crisis. The Gulf crisis not only has seriously threatened the safety of the people in the region and the security of all countries concerned, but it is also unfavorable to seeking a just and rational resolution of the Palestinian question by political means. People should not neglect the importance of giving impetus to the process of peace in the Middle East and resolving the Middle East issue in a just and rational way. The international community should conscientiously consider and adopt practical steps to seek a feasible way of justly and rationally resolving the Palestinian question.

The long-term struggle against Israel's policy of aggression and expansion carried out by the Palestinian people and the Palestinian Liberation Organization under extremely hard and complicated conditions commands admiration. No matter how the international situation changes, the Chinese people will steadfastly support the Palestinian people's just cause to fight for the restoration of their national rights. We deeply believe that the Palestinian people, who have tasted to the full the bitterness of aggression and oppression, with a tradition of protracted heroic struggle, will advance toward a final victory on the road to achieving their national goals.

CPPCC Delegation Ends Pakistan Goodwill Tour

OW0712111290 Beijing XINHUA in English
0821 GMT 7 Dec 90

[Text] Islamabad, December 7 (XINHUA)—A delegation from the Chinese People's Political Consultative Conference (CPPCC) led by Vice Chairman Wang Renzhong left Karachi, capital of Sindh Province, Pakistan, at noon today for Beijing after a nine-day good-will visit to the country.

During their stay in Islamabad, the first leg of their tour, Wang Renzhong and his party called on Pakistan President Ghulam Ishaq Khan, Prime Minister Mian Nawaz Sharif, Senate Chairman Wasim Sajjad and Speaker of the National Assembly Gohar Ayub Khan.

While in Lahore, capital of Punjab Province, the second leg of the visit, they met with provincial Chief Minister Ghulam Haider Wyne, Governor Mian Mohammad Azhar and provincial assembly Speaker Mian Manzoor Ahmed Wattoo.

Karachi was the last leg of their trip, where they also had discussions on various issues of mutual interest with the Sindh provincial leaders, including Chief Minister Jam Sadiq Ali, Governor Mahmood A. Haroon and the provincial assembly Speaker Razique Khan.

According to Wang Renzhong, his visit, the first made by a high-level Chinese delegation since the new Government of Pakistan headed by Nawaz Sharif came into power on November 6 this year, was successful and the talks with the Pakistani leaders have increased understanding and friendship between the two countries.

The 10-member Chinese delegation arrived in Karachi from Beijing on November 29.

Latin America & Caribbean

CPC's Zhu Liang Heads Delegation to Argentina

HK0612120490 Beijing RENMIN RIBAO in Chinese
28 Nov 90 p 6

["Dispatch" by reporter Li Zhiming (2621 1807 2494): "Interviewed by Argentine National Television, Zhu Liang Says that the CPC Maintains Ties with Over 280 Political Parties"]

[Text] Buenos Aires, 26 Nov (RENMIN RIBAO)—While being interviewed by the Argentine national television station today, Zhu Liang, director of the CPC International Liaison Department and head of the CPC delegation which is visiting Argentina, said: The delegation is visiting Argentina to further maintain the already existing close, friendly ties with Argentina's Justicialist Party.

Zhu Liang and his party arrived here yesterday after having paid a friendly visit to Bolivia. Zhu Liang told a television reporter that the CPC maintains ties with over 280 political parties in the world, and began its ties with Argentina's Justicialist Party in the 1970's. During the period of the Argentine Military Government, the Justicialist Party sent several delegations to visit China and since the democratic system was resumed, contacts between the two parties have become even closer. In November last year, led by Eduardo Menem, leader of the Justicialist Party, the party's delegation visited China. In May this year, Yang Shangkun, president of China and Menem, president of Argentina, exchanged visits.

While dwelling on the international situation, Zhu Liang said: The old international political structure has been destroyed and a new structure is coming into shape. He said: Because of the destruction of the old structure, the world today has become more and more unstable. The Gulf crisis is a case in point. Zhu Liang pointed out: Since an unjust and unequal international economic order still exists, the developing countries are facing a stern situation. Only by making concerted efforts can the developing countries alter such an unjust and unequal old order. It is because of this that we greatly admire the efforts exerted by Argentina to strengthen the regional integration of Latin America and to establish a common market.

This afternoon, Aliasi [7093 0448 0068 2448], vice president of the Justicialist Party, gave a banquet to welcome Zhu Liang and his party.

Political & Social**High-Level Reshuffle Expected; New Vice Premier***HK0712072190 Hong Kong MING PAO in Chinese
7 Dec 90 p 2*

[“Newsletter from the Divine Land” by Chi Ma (3825 3854): “Qian Qichen Reportedly Is To Become Vice Premier, and Tian Jiyun Will Replace Yao Yilin to Take Charge of Economy”]

[Text] Information from Beijing says that the CPC top echelon is deliberating on a personnel reshuffle in the State Council. It is preliminarily planned that Vice Premier Tian Jiyun will replace Yao Yilin to take charge of the national economic work, and Foreign Minister Qian Qichen, who has done outstanding work in his mediatory operations for the Middle East crisis, will be promoted to the post of vice premier.

A well-informed source in Beijing revealed that the above-mentioned major personnel reshuffle will be discussed at the Seventh Plenary Session of the 13th CPC Central Committee, which is due to open at the end of this month. If a common understanding is reached, it will be handed over to the People's Congress opening next March for finalization.

According to the information, during the toughest year for China's diplomacy from last year's “4 June” until the present day, Qian Qichen, while faithfully holding on to the CPC headline policies, was going about selling China's ideas in the East, West, and the Third World countries, performing “deeds of valor.” Particularly, his mediatory operations for the Middle East crisis have successfully brought China back into the international political arena, of which the CPC top echelon is extremely appreciative. Therefore, his forthcoming promotion has been generally accepted.

It is said that the main reason for Tian Jiyun's replacement of Yao Yilin is the latter's old age and his fit of depression which resulted from the recent death of his wife.

Tian Jiyun used to be the implementor of the reform line set by former party General Secretary Zhao Ziyang. At present, the CPC's formulation of many economic proposals in the Eighth Five-Year Plan still patterns itself on Zhao Ziyang's line. Therefore, the promotion of Tian Jiyun is an indication that the CPC authorities will continue to pursue the opening and reform policy.

Besides, the national work conference on Taiwan affairs, which has taken a long time to prepare, will be convened in Beijing within days. It is learned that at the conference, the issue regarding the merging of the CPC Central Committee's Taiwan Affairs Office and the State Council's Office of Taiwan Affairs will be thoroughly discussed.

The well-informed source in Beijing revealed that CPC Central Committee Taiwan Affairs Office Director Yang Side, who is now in charge of the key work on Taiwan in

the mainland, will quit the “battle line” because he is 70 years old. The newly-appointed Director of the State Council's Office of Taiwan Affairs Wang Zhaoguo will be his replacement. State Council Office of Taiwan Affairs Deputy Director Tang Shubei, who has been making frequent appearances of late, will probably be transferred to the Ministry of Foreign Affairs as vice minister.

As revealed by relevant sources, having decided to appoint the former Fujian provincial Governor Wang Zhaoguo as director of the State Council's Office of Taiwan Affairs, the CPC Central Committee had a mind to merge the two major leading organs for dealing with Taiwan and form a unified organization to concentrate the energy for and coordinate the work on Taiwan throughout the country. Wang Zhaoguo's meteoric promotion shows that the CPC is inclined to reduce the average age of those involved in handling Taiwan affairs.

Yang Side, now 70 years of age, is a native of Tengxian, Shandong Province. After the Cultural Revolution, Yang Side became director of the Liaison Department of the PLA General Political Department. When the CPC Central Committee's Taiwan Affairs Office was set up, he was made director. He is now deputy head of the CPC Central Committee Leading Group of Taiwan Affairs and the central figure in dealing with Taiwan in Mainland China. Yang Shangkun is the head of this group.

Factional Struggles Intensify Before Plenum*HK0712023790 Hong Kong SOUTH CHINA
MORNING POST in English 7 Dec 90 p 11*

[By Willy Wo-lap Lam]

[Text] Factional struggles in the Communist Party have intensified in the run-up to the pivotal seventh plenum, scheduled to be held around Christmas Day.

Diplomats in Beijing cite as “signs of intrigue” the continuous and unexplained absence from public view of Senior Vice-Premier Mr Yao Yilin, and the unexpected reappearance of National People's Congress Chairman Mr Wan Li, who had skipped a trip to London last month, ostensibly for health reasons.

Particularly intriguing is the role that patriarch Mr Deng Xiaoping is playing at a time of intense political horse-trading.

While Mr Deng missed the ostentatious celebration of the tenth anniversary of the establishment of the Special Economic Zones (SEZ) in Guangdong province last week, his son and daughter, Mr Deng Zhifang and Ms Deng Nan, were in the Shenzhen SEZ yesterday.

Mr Yao, a keen advocate of central planning and the architect of the country's two-year-old recentralisation programme, has not appeared in public since late October.

On Wednesday, Mr Yao's office cancelled on short notice his appearance at the inaugural ceremony for the Securities Trading Automated Quotations System.

Securities exchange officials confirmed that Mr Yao, a member of the Politburo Standing Committee, had been expected to attend.

In the past fortnight, Mr Yao has missed at least two other major functions where his attendance had been expected. His only appearance came last Tuesday, when his office sent a wreath to a commemorative ceremony for the late Philosopher Feng Yulan.

Diplomats in Beijing say Mr Yao's absence is due to declining health.

However, Mr Yao's recentralisation policies—which will most likely be enshrined in the Eighth Five-Year Plan—have come under intense fire from regional leaders as well as from the party's reformist wing.

Chinese television on Wednesday night showed Mr Wan Li talking to participants in an ice-skating competition in Beijing.

Diplomatic analysts said Mr Wan, a former ally of ousted party chief Mr Zhao Ziyang, had cancelled his trip to London to say in Beijing to parry attacks from party conservatives.

China analysts in Beijing say that while Mr Deng has been absent from public view since early July, he has been working behind the scenes to influence the outcome of the seventh plenum. For example, he has lent his personal backing to Mr Jiang and other liberal proteges.

One sign of Mr Deng's involvement is the activities of his children.

The Shenzhen trip of Ms Deng Nan and Mr Deng Zhifang, who is a senior executive of the state conglomerate China International Trust and Investment Corporation, has been described as "a private visit".

However, Mr Deng's children are known to have passed on their father's political messages on their previous domestic and foreign trips.

Mr Deng's youngest daughter, Ms Deng Rong, is in Tokyo on a goodwill visit. And his eldest son, Mr Deng Pufang, head of the Kang-hua Group, is preparing for a trip to three Asian countries in the near future.

Li Ruihuan Writes Preface to New Book on Heroes

HK0612070190 Beijing RENMIN RIBAO in Chinese
29 Nov 90 p 1

[Article by Li Ruihuan (2621 3843 3883): "Preface to 'Heroes of New China'"]

[Text] "Heroes of New China" will come off the press very soon. The comrades from Heilongjiang who compiled this book asked me to write a preface. In my

opinion, it is a very important thing to publicize and emulate China's national heroes and publicize and emulate heroes of socialist New China. I would like to take this opportunity to say a few words on this issue.

The masses are the motive force in pushing history forward, and the vigorous socialist cause is an undertaking created by the people. This is a basic concept of the theories of Marxist historical materialism and scientific socialism. Heroes of New China, who come from the masses, represent the spirit of the Chinese nation and the socialist epoch. They are familiar to the masses and are thus understood and commended by them. With strong appeal among the masses, they have become a mighty exemplary force encouraging the people forward.

The Third Plenary Session of the 11th CPC Central Committee opened a new chapter in history for the development of socialism in China. The socialist modernization program and the 11 years of reform and opening up profoundly changed the outlook of our great motherland and also created large numbers of heroes and exemplary figures. We should learn from exemplary historical figures of the Chinese nation as well as those of various nationalities in other parts of the world. We should learn from the exemplary figures known to the public in the course of China's construction and promptly discover the advanced figures emerging from the modernization program, reform, and opening up at present and in the future.

Regarding leading cadres of the party and government at various levels, they should pay attention to the following two points while emulating exemplary figures: First, they should set an example in emulating the ideological and moral values of exemplary figures and derive political nourishment from them. The abominable behavior of deeds not matching words and asking others to emulate exemplary figures rather than setting an example themselves will not help promote the activities of learning from the advanced figures but will damage the party's reputation. Second, the work of discovering and spreading exemplary figures and typical examples to guide the situation as a whole should be regarded as an essential leadership method. It is the method of "from the masses, to the masses" and combining the general call with particular guidance. If the abominable behavior of standing high above the masses, doing work in a superficial manner, and indulging in empty talk is not corrected in earnest, it will be adversely disadvantageous to our cause.

The Sixth Plenary Session of the 13th CPC Central Committee held not long ago deliberated and adopted the decision on strengthening the party's ties with the masses. The decision was made under the historical conditions of the modernization program, reform, and opening up and after undergoing the rigorous test of the political disturbance which took place between last spring and summer. The decision, which is of great and far-reaching significance, emphatically pointed out the question of the mass line, linking it to the rise or fall of the party and nation. Learning from and publicizing the

exemplary figures constitute an important link in implementing this decision, maintaining the party's close ties with the masses, relying on the masses, and educating, encouraging, and guiding them forward.

The 1990's is the crucial period for China's socialist modernization program, reform, and opening up. Amid the changing international situation, we should keep sober minded, meet the situation calmly, and do a good job of our domestic work. This is very important and is our basic standpoint. With many tasks to perform in domestic work, economic construction should be the focus of all. Political, legal, ideological, and cultural work should be centered on and serve this focus. The party's basic line at the initial stage of socialism is "one focus, two basic points." The two basic points, namely, upholding the four cardinal principles and adhering to reform and opening up, are indispensable. They constitute the fundamental guarantee for us to concentrate forces to carry out the socialist modernization program. We must rely on the broad ranks of the masses for all this. Only by learning from heroes and advanced examples, arousing our national spirit, increasing our national dignity and confidence, concentrating the force of the whole nation and society, and working hard with one heart and mind can we withstand all tests, overcome the difficulties, resist external pressure, and triumphantly step into the 21st century with greater achievements of the socialist modernization program and reform and opening up.

Li Ruihuan, Others Appear at Tennis Tournament

HK0712031590 Beijing RENMIN RIBAO in Chinese
26 Nov 90 p 4

[Report by Long Zequn (7893 3419 5028): "Tennis Tournament of Celebrities Held in Beijing"]

[Text] Beijing, 25 Nov (RENMIN RIBAO)—The Apollo Cup Tennis Tournament of Celebrities cosponsored by the China Tennis Association and China Sports Service Company was held at Beijing's Xiannongtan tennis court this afternoon. Li Ruihuan and Sun Chunlai captured the championship, while Li Tieying and Du Dalei won the second place.

NPC's Sun Mengqi at Opera in Inner Mongolia

SK0612091690 Hohhot NEIMENGGU RIBAO
in Chinese 7 Nov 90 p 1

[Text] On the afternoon of 5 November, Sun Mengqi, vice-chairman of the National People's Congress Standing Committee, and the leading personnel of the autonomous regional party and government organs, including Wang Qun, Chen Kuoyuan, Zhang Cangong, Cui Weiyue, and Yun Shufen, viewed the modern Beijing opera "Zhongguo Xin" produced and presented by the Neimenggu Beijing Opera Troupe.

Following the performance, the leading personnel, including Sun Mengqi and Wang Qun, received the troupe's cast and staff members. During the reception,

Vice Chairman Sun Mengqi told them that this is a good opera, I congratulate the artists on their successful performance, and the revised opera can be played not only in the autonomous region but also in the country. Wang Qun also told them that it is very significant for the troupe to produce such an opera only in a short period. It is so great that the spirit of a new era has been revealed through the traditional arts of Beijing Opera and it is hoped that the opera will be further revised and rehearsed so as to enable it to become an everlasting one.

Following the reception, Vice Chairman Sun Mengqi and the leading personnel, including Wang Qun, had a group photo taken with the troupe's cast and staff members to mark the occasion.

Report on Mao Zedong Thought, Socialism Symposium

HK0712130290 Beijing NONGMIN RIBAO in Chinese
31 Oct 90 p 3

[Report Tang Hai (0781 3189): "Mao Zedong's Philosophical Thinking and the Present-Day Practice of Socialism—A Brief Account of the Fifth National Forum on Mao Zedong's Philosophical Thinking"]

[Text] The fifth national forum on Mao Zedong's philosophical thinking was held in Maanshan city, Anhui Province, in mid-October. Concentrating on the theme of "Mao Zedong's Philosophical Thinking and the Present-Day Practice of Socialism," this forum discussed a series of questions, such as Mao Zedong's philosophical thinking and the general theory of socialism, socialist reform, class struggle in socialist society, and the development of spiritual civilization.

The forum held that nowadays, socialism is facing unprecedented challenges and new problems both in China and other parts of the world. This demands that contemporary Marxists uphold and enrich the theory on scientific socialism, correctly approach the new questions, find the solutions, and continue to forward the socialist cause.

Over the past few years, the ideological trend of bourgeois liberalization has spread unchecked and caused serious ideological confusion among the theoreticians' circles. Therefore, the correct appraisal of Mao Zedong Thought has a bearing on the correct appraisal of the history of the CPC and the history of revolution in contemporary China, and on the principled question concerning the application of a scientific ideological theory to the guidance of socialist practice.

Many forum participants agreed that **Comrade Mao Zedong was a great explorer in socialist reform and an in-depth study of Mao Zedong's thinking on reform is necessary if one wants the reform to be carried out smoothly.** Theoretically speaking, the socialist reform in China stemmed from Comrade Mao Zedong's exploration in the mid- and late 1950's. His representative works in that period were "On the 10 Major Relations" and "On the Correct Handling of Contradictions Among the People." All the line, principles, and policies on

reform and opening up formulated by our party since the Third Plenary Session of the 11th CPC Central Committee are a new development of Mao Zedong Thought under the new situation which has opened up a new stage of history.

Some comrades mentioned the new circumstances and changes in the international communist movement, arguing that this does not mean, as certain people put it, Marxism and Mao Zedong Thought no longer work and are wrong. Just on the contrary, it has proved that Marxism and Mao Zedong Thought are the truth, because it **has shown that if socialism fails to create a labor productivity higher than that achieved by capitalism, it will not be able to completely defeat capitalism, and the development of socialism will possibly meet with setbacks.** Productive forces are the basic motivation for social development and, needless to say, for socialist social development as well. The recent developments **have also shown that under certain historical conditions, the superstructure and ideology can play a decisive role in social development.** The changes that took place in certain countries did not stem out of the economic basis but from the realm of the superstructure and ideology, and then initiated changes in the economic basis.

Some comrades analyzed the so-called "Mao Zedong fever," a phenomenon which really exists today. They noted that **attention should be paid and guidance applied** to this phenomenon, and it is not a desirable attitude toward it if one shows no concern about it or tries to sidestep it. The phenomenon of "Mao Zedong fever" shows the broad masses' eager appeal for fine relations between the party and the masses and between the cadres and the masses. This phenomenon not only represents people's reminiscences of the 1950's and 1960's but also their longing for a bright future. It is an attempt by the masses to carry forward Mao Zedong Thought amid the cultural wave of the 1980's and also a historical cultural choice. Some people hold that the "Mao Zedong fever" is merely a kind of "remembrance of the old times" on the part of the masses. Theirs is actually an oversimplified, shallow view. As a social psychology and a trend of social thought, "Mao Zedong fever" represents people's mentality in favor of the Mao Zedong era, their esteem for Mao Zedong's personality, their admiration for Mao Zedong's merits, and their desire for a theoretical reappraisal of Mao Zedong Thought. **"Mao Zedong fever" is a reflection of contemporary public psychology.** Although every different individual may have different motives and mentality, the phenomenon, in substance and viewed from its main stream, **does reflect the demand of the times.**

Some sidelights are worth being noticed amid the "Mao Zedong fever." Some people have tried to do something unconventional to attract others' attention in applying Freud's theory to their research. In doing so they have been completely divorced from the stand, theory, and method of historical materialism. Some people have even gone so far as to resort to such superstitious practices as astrology.

In general, study of Mao Zedong's philosophical thinking should be based on nothing but the Chinese people's historical practice and the "Decision on Certain Questions in Our Party's History Since the Founding of the PRC." From the epistemological point of view, the hundreds of millions of people who have plunged into the revolutionary practice are most qualified to understand history itself. Some foreign research manuscripts, though they can be taken for reference, must never be taken as the basis of our research.

The forum also discussed some other topics, such as Mao Zedong's mistakes and thinking in his later years, and the prevention of peaceful evolution.

The forum was cosponsored by the China Society of History of Marxist Philosophy, the Research Society of Mao Zedong's Philosophical Thinking, Anhui University, and the Maanshan City CPC Committee. Comrade Gong Yuzhi, deputy director of the CPC Central Committee Propaganda Department, attended and addressed the forum.

Leaders' Wreaths Commemorate Deceased Philosopher

OW0412185890 Beijing XINHUA in English
1608 GMT 4 Dec 90

[Text] Beijing, December 4 (XINHUA)—The remains of China's well-known philosopher, educationist and patriot Feng Youlan were sent to Babaoshan Cemetery for cremation today.

There was no memorial meeting. The funeral of the scholar was conducted in a very simple way at the request of the family of the bereaved.

However, hundreds of relatives, friends, colleagues and students of the deceased came by themselves to Beijing Hospital to pay last respects to the scholar.

Li Xiannian, Yao Yilin, Li Tieying, Li Ximing, Ding Guangen, Peng Chong, Zhou Gucheng, Fei Xiaotong, Lei Jieqiong, Wang Renzhong, Yang Jinren, Zhou Peiyuan, Qian Weichang, Hu Sheng, the United Front Work Department of the Central Committee of the Communist Party and the Chinese People's Political Consultative Conference presented wreaths.

The ashes of the dead will be buried at the Wan'an Cemetery in Beijing.

Born in Tanghe county, Henan Province, Feng Youlan died of illness on November 26, 1990 at the age of 95.

Feng Youlan was one of the few philosophers who had established their own schools of thought in modern China. His thought occupies an important place in the modern history of Chinese philosophy, exercising great influence both at home and abroad.

Engels' 170th Birthday Commemorated in Beijing*HK0512103890 Beijing RENMIN RIBAO in Chinese
28 Nov 90 p 1*

[Report: "Theoretical Workers in Beijing Hold Forum To Commemorate 170th Anniversary of Engels' Birth"]

[Text] The Chinese Society of Scientific Socialism and the Chinese Institute of Research on Historical Materialism held a theoretical forum in Beijing on 23 November to mark the 170th anniversary of Engels' birthday, which was attended by some 70 theory workers.

Cherishing the memory of the proletarian revolutionary teacher Engels for his great contributions to the theory and practice of scientific socialism, and in relation with the major issues facing the current international socialist development situation, the forum participants restudied Engels' expositions on the theory concerning scientific socialism.

The forum participants pointed out: The theory and practice of scientific socialism are developed through struggle. As one of the founders of scientific socialism, Engels waged repeated struggles against opportunism of every description in the workers' political parties in his lifetime and thus embodied his steadfastness in principle and flexibility in tactics. In commemorating Engels today, one important thing to do is to study and inherit his revolutionary spirit of struggle and uphold and develop scientific socialism in the new historical conditions.

State Council Approves Research Project Awards*OW0612180690 Beijing XINHUA in English
1626 GMT 6 Dec 90*

[Text] Beijing, December 6 (XINHUA)—The State Council approved today giving the 1990 Special-Class State Awards for scientific and technological advancement to three research projects.

The three winners are the 1.7-meter rolling mill at the Wuhan Iron and Steel Company, the Beijing electron-positron collider, and an industrial project for national defence.

They were selected from over 1,000 applicants.

Mechanism for Ideological, Political Work Viewed*HK0312090290 Beijing RENMIN RIBAO in Chinese
16 Nov 90 p 5*

[Article by Song Zhelin (1345 2182 2651), wing political commissar of the Air Force Political Academy: "On the Dynamic Mechanism for Ideological and Political Work"]

[Text] To ensure that ideological and political work is more effective in the new period, it is necessary to establish a scientific dynamic mechanism that integrates the principle of putting ideology in the lead with the principle of material benefits.

Material benefits are a basic and inherent motivation for man to carry out all activities. Marx and Engels said: "Man must survive before he can 'create history.' But in order to survive, he first of all needs clothing, food, housing, and other things." ("Selected Works of Marx and Engels" Vol 1, p 32) It is precisely based on this understanding that in the party's ideological and political work, we have always attached importance to the principle of material benefits and are very much concerned about the well-being of the broad masses of the people, such as the problem of having food to eat, clothing, and houses to live in, and the problem of having chief daily necessities. During the 10 years of the "Cultural Revolution," this principle was trampled upon. Emphasis on material benefits was regarded as an attempt to depart from the classics and rebel against orthodoxy and, what is more, efforts to promote production and create profits were labelled as "economism" and "putting profits in command," and was wantonly castigated. As a result, labor initiative on the part of the broad masses of the people was seriously dampened, and the development of the national economy was hampered. In 1978, a year in which the operation of setting things to rights was started, Comrade Deng Xiaoping clearly pointed out: "The practice of treating material benefits lightly works among a small number of progressives but is inapplicable to the broad masses of the people; it can work for a while but not for a long period;" "If we only stress the spirit of sacrifice and ignore material benefits, we will be blinded by idealism." ("Selected Works of Deng Xiaoping," p 136) His remarks served to reestablish the due position of the principle of material benefits in ideological and political work, and injected new vigor into our ideological and political work in the new period.

There is no contradiction between the principle of giving consideration to material benefits and that of putting ideology in the lead. Persisting in putting ideology in the lead and attaching importance to spiritual encouragement have always been our party's great advantages in overcoming difficulties and defeating the enemy. Nowadays, while we are striving to improve the economic environment, rectify economic order, and deepen the reform, we should likewise pay attention to giving play to this advantage. This is particularly important to the building of the people's Army. Long ago, the rear corps of the Eighth Route Army pointed out in its report on "The Issue of Political Work for the Army" submitted to the meeting of high-ranking cadres of the Northwest Bureau: "On certain material basis, ideology takes control of everything and changes everything." This inference not only conforms to the principle that under certain conditions consciousness has a strong reaction on man's being, but points out the source of the invincible strength of our Army and where its long-lasting motive force lies. Some time in the past, we encountered a perplexing situation, namely, people had obtained a lot of material benefits following the reform and opening up and their livelihood has been obviously improved; but at the same time, some people "took up their chopsticks to eat meat and scolded people after putting them down." Apart from such reasons as the existence of unhealthy

tendencies in society, a reason contributing to this was that the principle of putting ideology in the lead was attenuated and that our ideological and political work was relaxed. The pros and cons of our experience clearly indicate: "Once 'ideology' is alienated from 'benefits,' we will surely make a fool of ourselves." (*Collected Works of Marx and Engels* Vol 2, p 103) Likewise, once benefits are deviated from ideological guidance, we will also land ourselves in a predicament. Using the spiritual means alone or using the material means alone to arouse the initiative of the masses will just lead to partiality, and will not work for long. Only by organically integrating them can it be regarded as a more scientific method for ideological and political work.

The integration of the principle of putting ideology in the lead with that of material benefits is, in the final analysis, one based on the viewpoint of taking overall interests into consideration, because the objective for which we strive for represents the fundamental interests of the state and the people. Naturally, the integration of the two principles is dialectical, rather than being tweedledum and tweedledee or having equal shares between the two. In short, we must mainly rely on spiritual encouragement while making material reward subsidiary. Even though our national economy will attain a higher level of development in the future, we must also uphold this point, because man, after all, must have some spiritual support. In order to adhere in a better way to the integration between the principle of putting ideology in the lead and that of material benefits in our practical ideological and political work, we must integrate solving ideological problems with overcoming actual difficulties. The actual difficulties of the masses are related to their immediate interests. Ideological and political work cannot but attend to them. It should, however, be followed by education. When we give consideration to individual interests, we cannot forget to place the state and collective interests above individual interests. When talking about immediate interests, we cannot forget long-term interests. When talking about acquisition, we cannot forget dedication. In addition, we should integrate the setting of the common objectives of struggle with respecting individual people's positive pursuits in their lives. "Realizing the four modernizations and vitalizing the Chinese nation" is the great spiritual support of the party in uniting with, and encouraging the people of the entire nation to press forward in concerted efforts in the new period. This common objective encompasses the common part of the different pursuits of the masses within an extremely broad scope, it does not exclude the varied and diversified pursuits of individuals. Particularly at present, the practical environment of the coexistence of diverse economic sectors has further determined that we cannot but pay attention to the diversified pursuits of individuals. Of course, the common objective is always the most important, because without it, the varied pursuits of the individuals will lose their bearings, and they cannot pull together. Therefore, on the one hand, ideological and political work must make helping the masses establish a common spiritual support and strengthening their consciousness of striving to achieve the common objective as

its main task. On the other hand, it must actively guide the masses to integrate personal pursuits with the common pursuits of "realizing the four modernizations and invigorating the Chinese nation," and then make more contributions at their respective posts to the realization of the common objective. Only by mastering the two convergence points well can our political and ideological work arouse the initiative of the broad masses of the people, and be considered as being effective and vivid.

Ministry Issues Provisional Cable TV Regulations

OW0412022090 Beijing Television Service
in Mandarin 1100 GMT 2 Dec 90

[From the "National Hookup" program]

[Text] The Ministry of Radio, Film, and Television recently promulgated "Provisional Regulations Governing the Administration of Cable Television."

The provisional regulations stipulate that cable television must propagate the nation's laws, principles, and policies, as well as scientific and cultural knowledge, enrich the people's spiritual lives, and promote the building of socialist material and spiritual civilization. All eligible organs, Army units, organizations, and industrial and commercial units apply to provincial radio and television administrative departments for further approval by the Ministry of Radio, Film, and Television, after which permits will be issued for the establishment and operation of cable television stations. Individuals may not apply for cable television station permits. Cable television stations must directly receive and transmit in full news and other important programs broadcast by the central television station and local television stations.

Broadcasts of all self-produced television programs and films which are reactionary, pornographic, or detrimental to national security and social stability are strictly prohibited.

Article Examines Census Results, Education

HK0512070190 Beijing RENMIN RIBAO in Chinese
26 Nov 90 p 3

[Article by He Dongchang, vice minister of the State Education Commission: "In Improving the Cultural Quality of the Whole Chinese Nation, the Burden Is Heavy and the Road Is Long—What the Communique of the Fourth National Census Reveals"]

[Text] The registration of the fourth national population census has reached a successful conclusion. This population census has registered and collected information on people with different educational levels in 30 provinces, autonomous regions, and municipalities on the Chinese mainland; and released respective statistics on the number of people with different educational levels and on the proportion of illiterates and semi-illiterates in the population of each province, autonomous region, and municipality. This is of extreme significance in

obtaining a general picture of the development of education in our country, and in analyzing distinguishing features of education in various localities. This population census has provided us with an important basis in our efforts to understand the current state of affairs and current tasks of the country's education in a scientific and realistic way, and to work out an education development program. It enables us to push forward the educational undertaking with correct policy decisions and thus provide better service to the building of socialist modernization.

The results of the fourth population census show that the educational levels of our population have been generally raised, the number of illiterates and semi-illiterates reduced, and the per capita number of years set for education increased. Currently, among every 100,000 people, the number with tertiary education is 1,422, an increase of 130 percent over that in the third population census in 1982; with senior middle-school education, 8,039, 18.59 percent higher; with junior middle-school education, 23,344, 30.47 percent higher; and with primary education, 37,057, 5.17 percent higher. The proportion of illiterates and semi-illiterates has dropped from 22.81 percent in 1982 to 15.88 percent. These figures have made it clear, in a sense, that the educational undertaking of our country has scored tremendous achievements under the socialist system. The period between the third and fourth population censuses was eight years, a period in which our country scored achievements recognized by the world and our national economy underwent a rapid development. In this period, the educational undertaking also experienced a fairly rapid development. Also in this period, on summing up both positive and negative experience, our party put forward the principle that "education must serve socialist construction, while socialist construction must rely on education," which means that the development of education should be put in a prior strategic position in the whole process of the building of socialist modernization. Since this principle was established, people have been attaching more and more importance to the position and role of education. A good common practice of respecting teachers and education is being formed in the whole society, while large numbers of prefectures, cities, and counties are doing their utmost to promote education. Such being the case, it is groundless to say that our country's education in recent years is a failure.

It should be noticed, however, that, on the whole, our educational undertaking still falls behind the needs of the building of socialist modernization, and we are still faced with arduous tasks in developing our educational undertaking. Judging from the statistics of this census, the per capita number of years set for education in our population is still relatively low. In particular, among the 1.13 billion population in Mainland China, there are still more than 180 million illiterates and semi-illiterates. Moreover, due to the fact that we have a large population and a vast territory, in addition to some historical reasons, the educational undertakings of various localities have undergone an uneven development, and the proportion of illiterates and semi-illiterates in some localities, especially in those inhabited by

certain minority nationalities, remains fairly high. We should continue to put the development of education in a prior strategic position and must not slacken our efforts in this regard at any time. In light of the country's current population situation and the current state of the cultural structure of the population, we should strive for a sustained, stable, and coordinated development of the educational undertaking. Efforts should be made to enhance the quality of education of various types at all levels; to persistently give top priority to moral education; to adhere to the principle of authorities at different levels running schools and giving specific guidance to schools of different types; and to fully mobilize the enthusiasm of localities and the masses. We should proceed from the national conditions of our country to readjust the existing educational structure and school setups. Institutions of higher learning should concentrate their efforts on "sticking to a correct orientation, stabilizing numbers, readjusting structure, deepening reform, improving conditions, and enhancing quality." Elementary education is a foundation project in enhancing the national quality, therefore we should proceed from reality to grasp well the work of introducing nine-year elementary education. Efforts should be taken, in the first place, to vigorously make primary education universal and put an end to the emergence of new illiterates. Places where primary education has already been in popular practice should pay attention to its consolidation and enhancement. Junior middle-school education should be introduced, rationally arranged, and steadily developed in light of local conditions for running schools and teacher resources; while the number of general senior middle schools, however, should be brought under control. We should vigorously promote various types of short-term vocational and technical education, with schools systematically carrying out vocational and technical education as the backbone. On-the-job training should also be vigorously promoted so as to enhance the quality of laborers and give prominence to the training of junior and middle-level personnel. At the same time, we should, in light of the realistic conditions of various nationalities and localities, devote much time and energy to supporting and assisting those minority nationalities and the regions they inhabit with relatively more difficulties in developing the educational undertaking. The anti-illiteracy campaign among young and middle-aged people should also be persistently grasped well.

The 1990's is a crucial period in which we are to attain the three-step strategic economic development goal of our national economy of redoubling the GNP, a period to lay down a foundation for the country's economic and social development in the 21st century. It is an arduous task to devote major efforts to developing education, enhance the cultural quality of the entire nation, and bring up a new generation of builders of socialism. We should proceed from reality, through changes in our educational thinking, to carry out reforms in the system, structure, content, and methods of education; open up a new road of developing education in conformity with the national conditions of our country; and inject dynamic vigor into the educational undertaking so as to enable it to suit the needs of the building of socialist modernization.

'Global Membership' Theory Discussed

HK0512101590 Beijing RENMIN RIBAO in Chinese
26 Nov 90 p 5

["Press Digest" Column: "'XUEXI YU YANJIU' Journal Carries a Long Article by Wu Jianguo (0702 1696 0948) Analyzing Political Orientation of the Discussion on 'Global Membership' Conducted by SHIJIE JINGJI DAOBAO"]

[Text] The 11th issue of XUEXI YU YANJIU, the theoretical journal of the Beijing Municipality CPC Party Committee which has just come off the press, carried in its "Exclusive Topic" column, a long essay (totalling 9,000 characters) by Comrade Wu Jianguo entitled: "On the Question of 'Global Membership'—As Well As on the Sense of Anxiety and of Crisis". The article analyzes the erroneous orientation in the discussion of the question of "global membership" as orchestrated by SHIJIE JINGJI DAOBAO in early 1988. The following are excerpts from the article:

Does the question of "global membership" exist for the Chinese nation? The answer is a resounding yes. The question of "global membership" has time and again confronted the Chinese people: After the Opium War, the great and proud "Empire of Heaven" was reduced to a state of semi-colonialism and semi-feudalism; during the war of resistance against Japanese aggression, half of the country fell into the evil hands of Japanese militarism; following the victory in the war of resistance against Japanese aggression, the nation was faced with a decisive battle "to determine the fate of China from two options". Even after the founding of the PRC and at the height of the development of the socialist cause, Comrade Mao Zedong on August 1956, put forth in the strongest possible way, the question of "global membership". Therefore, the question of "global membership" has always existed in the past, the present, and will continue to exist in the future. The only difference is that it appears at a different stage in the development of society and possesses a different historical significance. "Vigilance" is needed in the midst of "comfort", especially with the current unrest and uncertainty in the international scene. How can we afford not to keep a clear head and be possessed of a strong sense of anxiety and of crisis? But we also cannot avoid one question: Are all senses of anxiety and of crisis appropriate and justified? No, I do not think so. The effects produced by a sense of anxiety and of crisis are not always positive; some are even negative.

The Third Plenary Session of the 11th CPC Central Committee revived the ideological line of seeking truth from facts and opened up a new historical period in socialist construction which is characterized by reforms and opening up. The formulation of the basic line of "one center and two fundamental points" is a sign of our party's new maturity. It was through this historic change that the great mass of cadres and people saw new hope and prospects. There are also, however, some people who in the past were "leftist" to a point of being absurd and,

who overnight, leaped to the other extreme. This was their attitude toward socialism.

In accordance with our party's viewpoint, the errors and setbacks which appeared in the course of the development of the socialist cause did not stem from the socialist system itself, but from interference by other foreign elements. They arose not because of adherence to the principles of scientific socialism but because of deviation from them. Hence, our task and mission is to correct the mistakes in our concepts and understanding, bring an element of science into socialism, promote further integration of Marxism with China's realities, continue self-improvement as well as perfection of the socialist system through reforms, give fuller play to the superiorities of socialism, and to build socialism with Chinese characteristics—this is the only way out for us. There are, however, those people whose "probe" started and ended in totally different direction from that of our party and the great mass of theoretical workers, and who have since completely parted ways and made a clean break with us. They blamed socialism itself for the errors caused by the flaws and defects of the socialist structure; they saw their own "sense of impending doom" as the "bankruptcy" of socialism; they regarded the differences in economic standards with developed countries as reflecting the "failure" of socialism. In their opinion, the appearance of the socialist system over the vast land of China was not the natural course of history, but rather the result of "an error of history" and of "political intervention". Man is the product of his willpower. The natural course of China's history should have led to the introduction of capitalism. Capitalism allows the free expression of human nature, and it was necessary to "restore" this human nature. What then is the obstacle to this "restoration"? It is the four cardinal principles upheld by our party. In the final analysis, herein lies the root of the sense of anxiety and of crisis that is being lamented by these transformed bourgeois liberal "elites". Their sense of anxiety and of crisis did not, however, stop here. The splendid civilization and fine traditions which the sons and daughters of China have been proud of for centuries have also become "a source of worry" to them. They moaned and groaned "as they sank into utter desperation": "What is to be done? There may only be one way out: To bear the pain and create a new life." What is this "new life" which they wanted to "create"? To swim in the "blue ocean of civilization", even if it means 300 years of colonial rule. This was their aspiration and their ideal.

It was in the midst of this chorus of "reflection" and "re-understanding" that SHIJIE JINGJI DAOBAO highlighted the question of "global membership". On this question, the orientation of DAOBAO (including that of its "Special Book Series—"Global Membership": The Choice of the Century") may be said to spring from the same source as the thinking behind the trend of bourgeois liberalization and that of its proponents. True, the discussion started from the economic angle, but ended on the politico-economic system, and on ideological and cultural traditions. Let us talk about the economy. Generally

speaking, we are indeed backward compared to the developed countries, but is it as bad as this: "In the next 50, 60 years, the Opium War scenario will reappear in China—foreigners will have their modern guns and cannons while Chinese will only have spears and swords" I do not think that things are as bad as that! I still have in my hands some figures reflecting the rapid growth of our economy. For instance, the 1988 statistical data of the U.S. CIA reported that from 1971 to 1987, the annual growth rate of our GNP ranged from 5.5 to 9.4 percent. During that same period, Japan's annual growth rate was 3.9 to 5.0 percent, while those of the United States, the Soviet Union and the European Economic Community did not go beyond 3.3 percent. It should be said that the rate of our development has been fast enough. Obviously, making an argument on the basis of speed is untenable. Then let us turn to the per capita figure: "An economy whose GNP ranks it seventh in the world drops to the bottom 20 once its per capita GNP takes into consideration its population of 1.1 billion." Yes, this is indeed provocative. But why the constant harping and emphasis on backwardness, and the issuance of such "a grim forecast"? Should truth not be sorted out from the facts and our universally-acknowledged accomplishments not be realistically evaluated? What is wrong with encouraging and arousing the people? No, this would reportedly affect the nurturing of a sense of anxiety and of crisis. Where then lies the root of the misery, despondence, and crisis? SHUIE JINGJI DAOBAO guided the people's line of vision onto our political and economic system—herein lies the real "bull's eye" and the objective of the orientation.

Obviously, they highlighted, accentuated, and exaggerated the misery and crisis in the economy to open the way for public opinion to clamor for change of the system. Li Honglin, that "elite" from the theoretical circle, stated categorically: "One cannot but painfully admit that in the competition between socialism and capitalism over the past decades, we have lost." "The first rounds were lost by the Qing dynasty and by the Republic. This round was lost after the establishment of the socialist system; and it is not a simple question of country. A very serious question has been posed before the entire world: Does socialism indeed have any vitality? Is it really tenable in this world?" Another theorist stated: "Backward here and backward there—these are all consequences...the root lies in the backwardness of a system founded on an inferior development of the forces of production. In effect, it is a political system of highly concentrated power and a politicized economic system." Wherein lies the way out? Speaking on the economic system, an economics professor who had gained prominence in recent years called for the definition of the relationship governing property. To wit: "In so far as the structure of the ownership system is concerned, the ratio of private economy and of mixed economy, both of which are suited to the development of the forces of production, in the structure is too small...the ratio of a veritable collective economy is also generally low. Meanwhile, the ratio of state-owned and state economy is too high." "...if the economic reforms do not adopt a series of

measures to define the relationship governing property...then the question of declining efficiency will be unavoidable". And "because the question of global membership is also a question of efficiency, there can be no global membership if there is no efficiency." In his view, efficiency equates with "global membership", and it is also determined by the relationship governing property—the relationship governing the ownership system. Obviously then, the question of "global membership" lies in the ownership system. How should the ownership system be transformed? No cards were shown here, but the "hints" are loud and clear—the author simply attached the phrase "suitable to the development of the forces of production" to the words: Private economy and mixed economy whose "ratio" he lamented as "being too small". Isn't the implication rather explicit? As for the question of political system and ideological domain, another "elite" from the theoretical circle, Su Shaozhi, proclaimed: "The question of 'global membership' appears today because the task of the 'May 4th Movement' has not been thoroughly completed. The problems of today are the results of feudalism combined with Stalinism. To resolve these problems, it is necessary to absolutely hold high the 'May 4th Movement's' banner of democracy and science."

At this point, I think that the mystery behind the discussion of the question of "global membership" which was initiated by SHUIE JINGJI DAOBAO and which went on for nearly a year and a half should have been cleared up. SHUIE JINGJI DAOBAO published numerous economics article but most contained a political orientation, or drew political and ideological conclusions based on economics. Therefore, the so-called economic "journal" was in effect a political and ideological "journal". Just look, which of the numerous arrows cited above was not aimed at socialism? It is true that SHUIE JINGJI DAOBAO also repeatedly called for reforms while Ge Yang also reiterated the need for reforms. She said: "Everyone is talking about a sense of anxiety. Wherein lies my own sense of anxiety? I am just afraid that there will be no reforms." Does this not show zeal for reforms? But what kind of "reforms" did they want? They may be discerned clearly from the formulas they presented one after another: Smash the prevailing "dead system"—yes, this has become the name they have for the entire socialist system. This, I am afraid, was not realized by majority of the comrades who were concerned with the discussion of the question of "global membership," nor even by those who took part in the discussion. I believe the comrades outside the "elites" mentioned in my article were also among those who did not see this point.

We all know that since the Third Plenary Session of the 11th CPC Central Committee, the confrontation between adherence to the four cardinal principles and bourgeois liberalization has always existed. This confrontation is also reflected on the two proposals on reforms and opening up. How should the raising of the question of "global membership", sense of anxiety, and of crisis be regarded? I think that by looking at the main line of discussion, one sees that the origin and development of the discussion is closely linked to the direction of bourgeois liberalization.

Its appearance and that of the "River Elegy" may be traced to the same source. Both share the same theme of the "theory on the failure of socialism", "theory on obsolescence of Marxism", and nihilism of nation, state, and history, while their gist lies in propagating "Western civilization" and promoting transformation to capitalism. To say that they were the factors which incited the "4 June" upheaval of 1989 is no exaggeration at all. Today, as we sum up historical experiences and lessons, bringing up anew the question of "global membership", sense of anxiety, and of crisis, gives us food for thought. It shows us the kind of results that come from misdirecting a highly important and crucial topic.

Science & Technology

Selection of Sciences Academy Members Ordered

OW0512034090 Beijing XINHUA Domestic Service
in Chinese 1115 GMT 1 Dec 90

[Text] Beijing, 1 Dec (XINHUA)—In a circular issued recently, the State Council has approved the "Request for Selecting Additional Members of the Academic Committee of the Chinese Academy of Sciences" and "Measures for Selecting Additional Members of the Academic Committee of the Chinese Academy of Sciences" submitted by the Chinese Academy of Sciences and the State Science and Technology Commission.

Since its establishment in 1955, the Academic Committee of the Chinese Academy of Sciences had selected members twice. The last selections were made in 1980. The Academic Committee now has 318 members, approximately one-third of which are from the Chinese Academy of Sciences and its institutions, while the remaining two-thirds are from various industrial, educational, public health, and military organizations. Their average age is over 74. For decades, they have carried forward the patriotic spirit. With their sound knowledge and fine style of learning, they have dedicated themselves to New China's science and technology and the socialist modernization program and have done their utmost to train qualified personnel, thus making an indelible contribution.

Ten years have elapsed since the selection of additional members of the Academic Committee of the Chinese Academy of Science in 1980. Large numbers of outstanding scientists and technological experts with academic attainments, extraordinary achievements, and a dedicated spirit have emerged during this period. It is absolutely necessary to select the most outstanding members from among them for the Academic Committee.

The circular says: The plan this time is to select 200 more members for the Academic Committee. The selection process will be in four stages—recommendation, preliminary selection, appraisal, and election. The list of newly selected Academic Committee members will be submitted to the State Council by the Chinese Academy of Sciences to the State Council. When the selection process

ends, some Academic Committee members advanced in years should consider becoming honorary members as soon as possible. From now on, additional Academic Committee members will be selected once every two years, a procedure which should be gradually institutionalized and standardized.

The circular points out: Membership in the Academic Committee of the Chinese Academy of Sciences is the state's highest academic title in science and technology. It signals lofty honor and academic authority and represents the standard and reputation of scientists and technicians in our country. The selection of additional Academic Committee members is a major event in China's scientific and technological circles. It is of great significance in promoting the development of science and technology in China, encouraging people to respect knowledge and talented people, and arousing the enthusiasm of large numbers of scientists and technicians for serving the motherland's socialist modernization.

The circular further points out: High criteria and strict requirements must be maintained in selecting additional Academic Committee members in order to ensure quality. At the very outset of the recommendation stage, only those outstanding scientists and technological experts who have systematically and creatively achieved genuine major scientific successes, have made significant contributions, are of high academic standing, ardently love the motherland, and have a fine academic style should be recommended. This is to be followed by a serious preliminary selection. In view of the relatively old ages of incumbent Academic Committee members, it is essential, in the present selection process, to pay special attention and take necessary measures to ensure that young and middle-aged scientists and technological experts who meet the requirements will be allotted a specific proportion of the Academic Committee membership.

The circular calls for close coordination among various localities and departments in doing this work conscientiously, responsibly, and efficiently.

Further on Selection

OW0412185990 Beijing XINHUA in English
1556 GMT 4 Dec 90

[Text] Beijing, December 4 (XINHUA)—Some leading Chinese scientists said that it is a significant decision to add new members to the Chinese Academy of Sciences (CAS).

CAS President Zhou Guangzhou announced the decision, which was approved by the State Council, here Monday.

The divisions of the CAS, which are the highest academic organizations of the science academy, were founded in 1955. By 1980 they had a total of 400 academicians. The average age of the remaining 316 members of the academy has surpassed 74.

According to Zhou Guangzhao, at least one third of the total academicians candidates should be scientists under 60 years old. The CAS will continue to add a limited number of academicians every two years in the future.

Academician Tu Guangzhi, director of the division of earth sciences of the CAS, said that the augmentation of new academicians is "necessary and timely".

Most of the academicians now are fairly old and the CAS needs "fresh blood" to vitalize its work, Tu said, adding that the augmentation will speed up the process for the old academicians to "renew their knowledge".

Qian Sanqiang, academician and honorary advisor of the CAS, told XINHUA that China now has a large number of outstanding middle-aged and young scientists who have made remarkable contributions to the country's scientific cause and national economy.

"Their being added up to the CAS membership is natural and an excellent way to judge their contributions fairly," Qian said.

It will have a great impact on the long-range development of China's science and technology, he added.

The title of academician brings with it a lot of responsibilities, said Shi Changxu, academician and director of the division of technological sciences of the CAS.

This is the first time that the candidate's age has been stipulated in the selection rules, Shi noted.

Xu Guanren, academician and executive director of the biological division of the CAS, said that the middle-aged and young scientists should be allowed to take on more responsibilities and play a larger role in the development of science and technology in China.

In the field of biology, he said, middle-aged and young scientists have made some distinguished achievements. He added that they are also the hope of future development and breakthroughs in this field.

The addition of new academicians will create chances for more talented scientists while giving full play to their brain power through consulting the state's major scientific and economic plans, said Ma Dayou, academician and deputy director of the mathematics and physics division of the CAS.

Reportage on Productive Year in Aerospace Industry

Press Conference Given

OW0612010490 Beijing XINHUA in English
1640 GMT 5 Dec 90

[Text] Beijing, December 5 (XINHUA)—China's aerospace industry has experienced its best year in 1990, recording the highest number of satellite launches and new types of aircraft.

China successfully launched five satellites and designed and made several new types of aircraft this year, Lin Zongtang, minister of aero-space industry, said at a press conference today.

Among the five satellites launched, Lin said, one was carried into orbit by the Long March 2-E launching vehicle, a Long March 2 rocket which is fitted with four boosters. This rocket, with a take-off thrust of 600 tons, carried the 9-ton satellite into a near-earth orbit.

The scientific experiment satellite launched and recovered last October is the 12th of its kind to be launched and recovered. All of these recoverable satellites have successfully returned to earth.

As for the new types of airplanes, Lin disclosed that several have been developed this year, including the JP-7 trainer and the Y-7 200B passenger plane. The trainer, a modification of a previous trainer, was built according to the needs of foreign clients, he said.

The Y-7 200B passenger plane is a modification of the Y-7 100. Compared with its prototype, the new plane is 500 kg lighter, flies 300 km farther, consumes seven percent less fuel, and uses 300 meters less runway, Lin explained.

Further on Remarks

HK0612042390 Beijing CHINA DAILY in English
6 Dec 90 p 1

[By staff reporter Li Hong]

[Text] China's aerospace industry, coming to the close of a promising year, is set to continue its drive in catching up with the world's latest hi-tech developments, a leading official said yesterday in Beijing.

Four new types of aircraft are expected to come off the assembly line and be ready for service next year, while several others will be modified and improved.

But Aerospace Industry Minister Lin Zongtang told a press conference in Beijing yesterday that China may launch fewer satellites next year, and that he would soon go abroad to negotiate for possible launch contracts.

Lin and other space experts reaffirmed that China's self-developed launch vehicles Long March 3 and Long March 2-E met world advanced standards.

According to schedule, China will launch two communications satellites in the coming year, for the Australian Satellite Company and for ArabSat.

The country is at present producing a large capacity "Dongfanghong 3" telecommunications satellite designed to meet domestic demand. And it also plans to launch a weather satellite in 1993 to supplement the Feng Yun 1 solar satellite already in orbit in order to form a weather forecasting network covering the whole country, latest reports said.

Lin said that by November 26, his ministry, a government agency administering the research, design and production of aircraft, spacecraft, rockets and missiles, had realized all the main goals planned for 1990, including five successful space ventures and the take-off of two new types of aircraft.

China launched a "Dongfanghong 2" communications satellite in February, the AsiaSat 1 in April, a test satellite atop its newly-developed Long March 2-E in July, its second meteorological satellite "Feng Yun 1" in September and its 12th retrievable remote-sensing satellite in October.

Lin spoke highly of the powerful four-booster reinforced Long March 2-E launch vehicle which has a lift-off ability of 600 tons and carrier ability of up to nine tons.

China had also made outstanding efforts in developing and improving new aircraft, the minister said.

The Guizhou Aircraft Manufacturing Corporation in southwest China developed the supersonic J-7P military trainer, and the Xian Aircraft Manufacturing Corporation in Shaanxi completed an improved model of the Y-200B passenger plane.

Lin stressed that wider cooperation between China and foreign countries could speed up the country's research and development of aircraft.

He revealed that China is seeking a foreign-partner to develop long-range jets.

Lin said the total exports of aero and space-related products, conducted by the China National Aero-Technology Import and Export Corporation (Catic), the China Great Wall Industry Corporation (CGWIC) and the China Precision Machinery Import and Export Corporation (CPMIEC), would hit a record of 1.56 billion yuan (\$300 million) this year.

Military

Jiang, Deng Inscriptions Hail Chemical Troops

HK0712051590 Beijing XINHUA Domestic Service
in Chinese 1355 GMT 6 Dec 90

[Report by Xu Jingyue (1776 0079 6460) and Jing Houyin (2529 0683 1377): "Antichemical Warfare Corps Achieve Marked Results After 40 Years of Hard Work"—XINHUA headline]

[Text] Beijing, 6 Dec (XINHUA)—A grand meeting was held in Beijing today to mark the 40th anniversary of the founding of the antichemical corps of the People's Liberation Army (PLA). Jiang Zemin and Deng Xiaoping wrote inscriptions to extend congratulations on the occasion.

Over the past 40 years, the antichemical corps came into being from nothing and tided over numerous difficulties in its gradual process of growth. Today the corps has

emerged as one of the PLA's combat supporting arms which backs up the Army under nuclear and chemical warfare conditions. It now serves as an indispensable component part in the modern combined training and operation of all services and arms and an important force defending the motherland and building the four modernizations as well.

Over the past 40 years, the antichemical corps has successfully completed various tasks in national defense, disaster relief, efficiency tests, nuclear and chemical accident salvage, and so on. During the several border defensive wars, the antichemical units participating in the battle fought bravely and tenaciously and perfectly fulfilled all antichemical supporting missions, displaying the spirit of fearing no sacrifice. A large number of meritorious collectives and combat heroes have emerged. During all the nuclear test missions, the antichemical corps brilliantly fulfilled all the technical testing, efficiency experiment, and security protection missions and thus made great contributions to the development of defense-related science and technology.

The antichemical corps' education and training system which fits the Army's structure has been taking shape. The sense of combined action, commanding ability, and technical standards of cadres at all levels of the corps have been substantially enhanced. The antichemical warfare institutes have trained a large number of commanding and professional technical officers who are devoted to national defense and equipped with knowledge in modern sciences.

The antichemical corps has also established an antichemical warfare scientific and technological research body which contains quite a full range of research branches and is well equipped and capable of developing advanced antichemical warfare equipment. This research body has turned out 330 scientific and technological research achievements since only 1978, of which 108 won awards granted by the state and the Army. The professional antichemical units of the corps are equipped with some automatic and semi-automatic technical equipment, while its combined units are improving and antichemical means updated daily. Now the PLA has already built a basically complete system of antichemical equipment which is composed of all China-made products.

Article Defends 'Spirit of Dedication'

HK0612060590 Beijing JIEFANGJUN BAO in Chinese
15 Nov 90 p 3

[Article by Bu Jinbao (0592 6855 1405): "Justly and Forcefully Promote the Spirit of Dedication"]

[Text] The spirit of dedication is a moral norm which has always been fostered by our party and which is also an important feature in our party's and our Army's political and ideological work. It has been ridiculed and negated, however, by bourgeois liberal "elites" in recent years. They charged that the spirit of selfless dedication which

we encourage was unrealistic and held that man is above everything, even proclaiming that "human nature is essentially selfish." All this has led to enormous confusion and damage in terms of theory and practice. It is therefore necessary to make a proper clarification.

Human nature is not essentially selfish and collectivism anchored in selfless dedication can be established. This is the basic foundation upon which rests the spirit of dedication promoted by our party. Marx once pointed out: "Human nature is not an abstract entity belonging to any single individual. In realistic terms, it is the sum total of all social relationships." ("Selected Works of Marx," Vol 1, p 18) Social relationships are primarily the relationships governing production. In examining human nature and studying moral phenomena in society, we cannot get away from production relations in society. The system of private ownership is a historical classification and a by-product of the development to a certain historical stage of the forces of production. The private ownership mentality came about with the appearance of the production relations under the private ownership system. In primitive societies, owing to the extremely inferior forces of production and absence of surplus products, people could only fight wild beasts and natural calamities and secure the right of survival by banding together in a primitive manner. This type of production relations determined that people in primitive societies did not and could not have a private ownership mentality. The private ownership system and mentality only came about with the development of the forces of production and after mankind entered the slave society. The society with a private ownership system is but a limited phase in the long history of mankind, while the private ownership mentality also belongs to a definite historical period. Along with the growth of the forces of social production and the establishment of the socialist system, an appropriate collectivist thinking will definitely develop. As a socialist society is built upon a system of public ownership of the means of production, the socialist system of public ownership objectively requires people to possess a public ownership mentality as it exists in socialism and communism. It also demands that people put the interests of society and of the collective above all else, and make contributions to society and the collective. The reason for this is that, with the means of production under the public ownership system of socialism, only the promotion of the interests of the state and of the collective can give assurance and improvement to the individual interests of each and every equal member of society. It is also for this reason that socialist collectivism recognizes in principle the departmentalism of society and the supremacy of the collective. On the other hand, if individual interests were given priority and the supremacy of the individual propagated, extreme individualism would be stirred up and people would set their sights merely on the pursuit of individual material interests, and even resort to whatever means were available in order to reap personal benefits. Eventually, they would be led down the blind alley of egoism, which would seriously hamper the building of socialist material

and spiritual civilizations. In recent years, we have had profound lessons in this area.

The promotion of the spirit of dedication is not unrealistic. It is the main theme of the socialist reality in our country and embodies the essence of human relations in socialism. The CPC begins and completes all its activities in line with the fundamental interests of the people. Way back during the time of the democratic revolution, the party already used communist morality to restrain the words and deeds of its members and advanced elements, and fostered, as well as promoted, the ideas of "serving the people wholeheartedly" and "never a thought for oneself, but only for others." It was this spirit of dedication which motivated tens of thousands of communists and patriots to make the ultimate sacrifice for the cause of the nation's independence and the people's emancipation. It was also this spirit of dedication which won for the communist party the people, the war and the country. After the founding of New China and the subsequent collapse of the system of class exploitation, the basis for the survival of the old moral values vanished. Emerging as masters, millions of ecstatic and inspired people actively plunged themselves into the roaring cause of socialist revolution and construction, creating a wonderful social environment of an upbeat spirit, of "everyone for me and I for everyone" and ushering in an era of new styles. The spirit of Lei Feng was a product of this era. It should be noted that human society is organized and that no one can exist independently outside society and its members. And no one can get away from the dedication of others. Just think, if there were no prosperity in the motherland and no people's soldiers standing guard along the harsh frontier lands and coasts, how could the people around the country enjoy a peaceful and secure life? If there were not countless "gardeners" burning themselves and illuminating others like candles, how could there be generation after generation of builders? If there were no postmen and cleaners...without the dedicated contributors in every trade and sector, we simply could not live nor work. Of course, a great many ugly phenomena of selfishness have indeed appeared in real life in recent years because of the relaxation in carrying out political and ideological work and the serious "backsliding" in the building of spiritual civilization. These are, however, punished by law, criticized by the press and disowned by the people. At the same time, we should see that in view of the implementation of reforms and opening up and development of a socialist commodity economy today, the promotion of a spirit of dedication is not unrealistic, but actually demanded by reality. As it is evident that even in a socialist commodity economy, material benefits cannot be equitable, while labor and remuneration cannot be absolutely of equal value, it is therefore imperative to promote the supremacy of the overall interests and the subordination of individual interests to collective interests, and, if necessary, the temporary sacrifice of individual interests for the sake of the state and the collective. If there is no spirit of self-sacrifice and, instead, constant bickering in pursuit of personal

interests, the principles of material benefits and of distribution according to labor as practiced in a socialist commodity economy cannot be carried out at all, and consequently there can be no development and progress of society. Our Army shoulders the great historic mission of resisting aggression and subversion and of safeguarding the security and stability of the state. In time of war, soldiers have to shed blood and make sacrifices; in time of peace, they have to complete quick, difficult, dangerous and heavy duties. Confronted by severe tests of life and death, happiness and sorrow, it is very important that they foster the spirit of dedication. As a relatively more advanced group in society, our Army should adhere to high standards in ideology and in moral values, and be at the forefront of the entire society in fostering the spirit of dedication.

Fostering a spirit of dedication does not require people to give up legitimate personal interests. Man is a realistic living being. Everyone has to have the basic essentials and individual benefits in order to survive and develop. The collectivism and spirit of dedication which we promote are not empty abstracts. They realistically embody the common interests of every member of society as well as the legitimate interests of the individual. Collective interests and individual interests are dialectically one. Collective interests are superior to individual interests, while individual interests should be subordinate to class and collective interests. Collective interests also include the interests of the individual, and their development cannot be separated from the positive full play of the individual. Their development actually creates the conditions for the fulfillment of individual interests. Marxism does not oppose legitimate individual interests. It opposes the "supremacy of the individual" which focuses on and proceeds from the individual. We communists have always been concerned with the legitimate individual interests of the people. In recent years, the party and the government have exerted utmost efforts to raise the people's standard of living and have taken care to improve our army's weapons and equipment as well as the material and cultural life of the officers and men. Leaders and organs at all levels have also done an enormous amount of work to solve the practical problems of the grass roots and of the people. Even during the period of economic improvement and rectification, several measures and steps were adopted to ensure that the people's standard of living would not decline. This is clear for all to see. Fostering a spirit of dedication and showing concern for the legitimate individual interests as well as sufferings of the people is dialectical materialism. Using this attitude to guide work, one will be able to win the support of the people and be unconquerable.

Soldiers Help Build Key Construction Projects

OW0612081290 Beijing XINHUA in English
0701 GMT 6 Dec 90

[Text] Beijing, December 6 (XINHUA)—Soldiers from the Chinese People's Liberation Army (PLA) have

helped to construct over 500 state key projects during the Seventh Five-Year Plan period (1986-90).

Today's Overseas Edition of PEOPLE'S DAILY reported that during the period units from the entire army have accumulated over 30 million work days. In addition, troops have sent more than 2 million pieces of equipment and vehicles to help in the construction of projects such as the extension of the Shengli Oil Field, the Beijing-Tianjin-Tanggu Expressway, the Qinshan Nuclear Power Plant, and sports fields and stadiums for the 11th Asian Games which was held from September 22 to October 7.

The units paid great attention to ensuring high quality in all the projects they constructed, while at the same time ensuring fast completion of construction on key projects.

The air force stationed in northeast China not only completed the construction of Shenyang's Taoxian International Airport, located in the capital of Liaoning Province, one year ahead of schedule, but also ensured that the project would receive a 100 percent quality rating, the newspaper said.

Fighter-Trainer Makes Successful Maiden Flight

HK0512084290 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Nov 90 p 1

[Report by Hu Yueping (5170 6460 1627): "Model 7P Fighter-Trainer Plane Makes Successful Maiden Flight"]

[Text] A Model 7P fighter-trainer, developed by the Guizhou Provincial Aviation Industry Corporation, made its successful maiden flight at Guizhou Anshun Airport the other day.

The Model 7P fighter-trainer is an improvement on an old Model 7 fighter-trainer with four major improvements, and new designs and testings are carried out on eight of the plane's systems. It took only 19 months from the when a changing-model plan was worked out to the plane's maiden flight.

The plane is an advanced light and high-altitude supersonic fighter-trainer. In addition to being a trainer, the plane also possesses aerial combat and air-to-surface attack capabilities. The plane's successful development marks a new level in our country's study and development of supersonic trainers.

Economic & Agricultural

Three Major Economic Tasks in 1990's Viewed

HK0712083690 Beijing JINGJI CANKAO in Chinese
11 Nov 90 p 4

[Report from 16 October XIANDAI REN BAO (MODERN MAN NEWS) by Du Qirong (2629 0796 2837): "Liu Guoguang on Three Major Economic Tasks in the 1990's"]

[Text] Our economy is faced with three major tasks in the 1990's, namely economic improvement and rectification, economic reform, and economic development. There are currently three conceptions on this three major tasks: The first is to put an end to economic improvement and rectification, and turn to development and reform as soon as possible. The second is to continue with economic improvement and rectification, and turn to development and reform only when the economy has taken a complete turn for the better. The third is, at the stage of continuing with economic improvement and rectification, to give overall consideration to economic improvement and rectification, development, and reform so as to enable an organic integration of the three and promote the three in a well-coordinated way. In particular, more weight should be added to reform. The first two ideas will not do because they set economic improvement and rectification against reform and development; therefore, it is appropriate to choose the third. In the first two years of the Eighth Five-Year Plan, economic improvement and rectification should be put in an important position while more weight is gradually added to reform so as to enable reform to become a major task in the intermediate and later stages of the Eighth Five-Year Plan.

The industrial structure's twisted and imbalanced state is a conspicuous problem our economy currently faces. The stagnancy and backwardness of our basic industries and facilities, such as agriculture, transportation and communications, telecommunications, energy, and raw and semifinished materials, have become big obstacles in the course of economic development. In our efforts to attain our strategic goal's second step, the difficulty rests on structural readjustment and enhancement of economic performance instead of on growth rate. Particularly, structural readjustment should be regarded as economic development's central link in the period from the Eighth to the Ninth Five-Year Plans. During the Eighth Five-Year Plan, heavy industry should undergo an appropriate leading development, yet it cannot follow the same old disastrous road of sacrificing agriculture and light industry for its development.

One of the important issues in structural readjustment is that of regional structure. It is imperative to adopt a regional development policy which combines an appropriate slanting control with coordinated development.

In the future, the setup of construction funds will turn from one which mainly relies on government accumulation to one which lays equal stress on government and social accumulation. Saving should be encouraged under any circumstances and we should not be afraid of saving too much. We cannot only encourage bank deposits, but should also possess such forms as shares and bonds so as to open up stable investment sources.

Gao Shangquan on Seven Major Reforms in 1990's

HK0612093590 Hong Kong WEN WEI PO in Chinese
5 Dec 90 p 2

[Third and last part of article by Gao Shangquan, vice minister of the State Commission for Restructuring Economy: "China's Economic Reform: Review and Prospect"]

[Text] Reform and opening up have exerted a far-reaching impact on China economically and socially:

- New changes have taken place in ideological concepts. Although before the reform, it was right for us to emphasize a fair social distribution, we neglected the fact that the idea of raising economic performance, the concept of commodity economy, that of input-output results, and that of modern and scientific management have already been accepted and extensively used in all sectors of the society.
- The economic growth rate has been accelerated and economic performance enhanced. China's GNP grew an average 6.1 percent annually between 1953 and 1977, before the reform. Yet, between 1978 and 1989, when reform was being carried out, the GNP increased at an average annual growth rate of 9.1 percent, higher by three percentage points than before the reform. Social personnel labor productivity also increased from an average annual growth rate of 3.6 percent before the reform to 6.2 percent.
- The market is brisk and the people's living standard has risen. The total retail prices of commodities in society rose at an average annual growth rate of seven percent before the reform, while since the reform, it has risen at an average annual growth rate of 11 percent, with ample market supplies and a largely increased variety of commodities. The urban and rural residents' consumption level has also increased from an average annual growth rate of 2.2 percent before the reform to 6.1 percent since the reform.

Practice proves that the orientation of China's reform and opening up is correct, and the results are evident. Therefore, China is determined to continuously uphold the principle of reform and opening up, and will by no means close its already-opened door.

Fourth, Prospects for Economic Restructure in the 1990's

The 1990's is a period in which China is to attain a sustained, stable, and coordinated development, a period in which reform should center on the general strategic development goal; that is, reform should serve the goal of redoubling the GNP and giving our people a fairly comfortable life by the end of this century. The crucial point of deepening reform is to establish an economic operation mechanism in which a planned economy is integrated with market regulation; and further push forward the comprehensive reform in such

aspects as enterprise management structure, market system, and macroeconomic regulation and control.

- In price reform, efforts should be made to carry out the principle of "combining readjustment with relaxation, using readjustment to promote relaxation, and imposing control over relaxation"; gradually rationalize the price relations between agricultural and industrial productions, and between products of basic industries and processed products; further improve the price formation mechanism; gradually resolve the problem of a "double-track price system;" and continue to raise the proportion of open-end prices under the prerequisite of augmented supervision and control.
- In enterprise reform, the various forms of contracted responsibility system should be continuously carried out and perfected. At the same time, efforts should be taken to create conditions for most of enterprises under whole-people ownership to be gradually transferred to the "separating tax from profit, and contracting after tax" management mode so as to set up a relatively stabilized enterprise management structure. A good job should be done in continuously experimenting with joint-stock management, which takes the public ownership as its main body, and the form of shares held by legal persons as its main form; and conditions should be vigorously created for its gradual popularization. Enterprise groups and lateral economic alliances should be promoted so as to upgrade the rational flow and combination of key production factors, push forward structural readjustment, and raise economic results.
- In commodity circulation and market cultivation, at the same time when doing a good job in vigorously organizing large commodity wholesale trades and stabilizing channels of production, supply, and marketing, state commercial departments should develop the highly efficient, smooth, and regularizable socialist market system; and perfect the market's organization, order, and rules and regulations. Barriers between higher and lower levels, and between different departments or regions should be broken in order to clear up market blockades and develop a unified national market.
- In macroeconomic regulation and control, efforts should be made to further change the functions of planned management, and enhance the level and standard of a planned comprehensive balance; vigorously create conditions for the existing overall rationing system of finance to be gradually turned into the system of tax separation so as to establish a standard and rational financial system between the central authorities and localities; intensify the central bank's position and role in the economic regulation and control, and particularly strengthen a comprehensive coordination among planning departments, financial departments, and banks.
- In reforming the social insurance and housing system, stress should be placed on developing old-age care and unemployment insurance, and setting up an insurance

system in which the responsibility is rationally shared by the state, enterprise, and individual so as to meet the needs of ageing and the structural readjustment of industries. Stress should also be placed on gradually turning houses into commodities through such forms as raising rent gradually, selling houses, encouraging individual financing for building houses, and largely raising rent not according to normal standards.

- In opening up, efforts should be made to, incrementally and in a planned way, turn the existing overall rationing system of foreign trade into an independent operation structure responsible for its own profit and loss, a structure combining foreign trade with the increased production of enterprises, and practicing an agency system; continue to improve investment environment; vigorously introduce foreign funds and technology; and expand international cooperation. Coast areas should make bigger steps in their reform and opening up in order to achieve greater progress.
- In rural reform, on the basis of stabilizing the contracted household responsibility system with remuneration linked to output, efforts should be taken to perfect the "two-tiered" collective and household operation system; appropriately develop operation of scale where conditions permit; develop a comprehensive rural service system; and consolidate and promote town and township (village) enterprises so as to enhance the development level of the rural commodity economy.

Commentator Stresses Technological Transformation

HK2211022590 Beijing JINGJI RIBAO in Chinese
19 Oct 90 p 1

[Commentator's article: "Grasping Technological Transformation Is a Good Move"]

[Text] Technological transformation and market activation—the two are not directly related to each other, but are actually closely linked. Through technological transformation, we cannot only directly whet production demand for such industries as building materials and electrical machinery, but also bring about a rise in consumption demand, so as to achieve the purpose of activating the market and promoting production.

In light of the market slump which has persisted for more than a year, the state has adopted numerous measures for activating the market, such as providing loans for production enterprises aimed at activation, particularly large- and medium-sized enterprises. This act, however, has not caused apparent economic revival. The market is the same as before. In the first half of this year, the key point in extending loans was turned to activating enterprises in the circulation field. Vast amounts of funds for activation had been injected into commercial and materials departments, but the market remained weak. Funds for activation were increased twice with no marked results achieved. The reasons were: Resorting to the method of injecting a large amount of circulating funds to resolve enterprises' difficulties in production and

turnover has only led to the continued increase of the originally unmarketable products. The result is bound to be: The greater production output, the higher overstocking of goods. Extending large amounts of loans to enterprises in the circulation field is no more than "moving" products from industrial enterprises to commercial enterprises. True, this enables industrial enterprises to get a breathing space, but the condition of funds being held up and market demand remaining weak has not been completely changed. This has brought about the question of "where to start activating the market."

The reason for market slump in the deeper level is the dislocation between production setup and product mix. The current market is characterized by the coexistence between stockpiling and shortage of products. Numerous enterprises attempt to readjust product mix, develop new products, and reinforce market adaptability. But, owing to the fact that enterprises are shouldering fairly heavy burdens and plagued by "debts involving enterprises," they have no money for carrying out technological transformation with respect to outmoded equipment and are incapable of developing or switching to the production of new products. Now, enterprises which are quick at developing new products, have strong market adaptability, and can carry out their production operation smoothly are often those enterprises which have always attached importance to technological progress and have incessantly been conducting technological transformation. Therefore, appropriately increasing funds for technological transformation and accelerating the readjustment of product mix has become an important measure and a good move for activating the market.

Naturally, in the process of readjusting the product mix and activating the market, how to properly activate production demands without causing a new overheated economy is an issue that deserves our attention. Technological transformation is not the same as setting up new stalls or engaging in capital construction. Generally speaking, capital construction requires a higher input and a longer cycle, without yielding production output for a longer period of time. Technological transformation means making use, however, of existing enterprises to achieve quicker results with lower input. This will not only activate production demands in good time, but also more expeditiously increase effective supply.

Given the condition that results have been achieved in improvement and rectification in the present stage, it is impractical to carry out large-scale technological transformation in the existing enterprises. The state can only properly increase its investment in technological transformation. Not long ago, the People's Bank of China made a decision to increase loans for technological transformation by 5 billion yuan earmarked for technological transformation projects aimed at saving on energy and raw and processed materials, developing new products, earning foreign exchange through export, and projects which need less money but can obtain faster results. Enterprises must truly spend the money on technological transformation, technological progress,

and readjustment of the product mix. The funds must on no account be used to set up new stalls or carry out new capital construction. With regard to the use of funds, we should start with projects that require shorter cycles and lower investment but can obtain quicker results. Banks must reinforce their supervision and work together with enterprises to evaluate and prove the feasibility of the projects for technological reform and analyze market prospects, so as to truly use the funds for technological transformation where they are needed most. Relevant departments should also do a good job in providing material supplies for technological transformation projects, so as to accelerate its pace.

Technological transformation is an old topic which has been discussed for many years. But many enterprises still maintain their old features and are becoming more and more backward. The main actual cause is the shortage of funds. The increase of investment by the state in technological transformation is, after all, limited. Enterprises must not place their hopes entirely on investment by the state. They must mainly rely on themselves to raise funds. Naturally, the state must have supporting preferential policies in other aspects. Over the past 10 years, Dalian City has raised funds through various channels for technological transformation totalling more than 7.1 billion yuan, enabling 40 percent of the enterprises in the entire city to carry out technological transformation and promptly readjust their product mix, thereby increasing the economic power and reserve strength for development of the whole city. Over the past 10 years, technological reform has been carried out in 53.5 percent of the enterprises in the electronics industrial sector in Jiangxi Province to strengthen their market adaptability. These facts indicate that the key lies in truly attaching importance to technological transformation and supporting it in terms of policies. Relevant departments should create more conditions for enterprises and encourage them to raise funds by relying on their own efforts to carry out technological reform. Such technological reform should be supported so long as it is in keeping with industrial policies and suits market demand, and its sources of funds and the willingness of enterprises of taking the sole responsibility can be ensured.

Foreign Cooperation Sought for Building Industry

*HK0412055890 Beijing CHINA DAILY in English
4 Dec 90 p 2*

[By staff reporter Zhang Yu'an]

[Text] A senior Chinese official yesterday outlined the country's key aspects for foreign co-operation in the building materials industry and development strategy of its export-oriented economy in the coming five years.

In an exclusive interview with CHINA DAILY, the official said that China encourages foreign companies to invest in coastal areas and the regions along the lower reaches of the Yangtze River to build cement, glass and fibre glass plants.

Zhang Renwei, deputy director of the State Administration of Building Materials Industry, said that those ventures should be export-oriented.

At the moment, there are six overseas-funded cement projects either under construction or in the process of negotiation, Zhang said.

They include the Sino-Japanese cement joint venture in Dalian of Liaoning; the Jidong Cement Plant in Tangshan of Hebei; a project in Yantai of Shandong; a project in Nanjing of Jiangsu; and a project in Longyan of Fujian.

Apart from the project in Fujian, the others are all designed to turn out 1.3 million tons of high quality cement annually and this will be mainly for export, Zhang said.

At the same time, China's cement exports have been increasing rapidly and hopefully will reach five million tons by the end of this year.

In the past 10 years, Zhang said, China also spent a lot of money on importing over 20 items of stone processing equipment from Western countries.

But stone mining is still using backward technology.

"The outdated techniques destroy a lot of raw materials and lower economic returns.

"Thus, we are encouraging foreign partners to co-operate with us in the stone mining area," Zhang said.

In the past five years, China's stone product exports have shown an average annual increase of 46 per cent. In 1989, these exports earned the country \$100 million, he said.

Zhang told CHINA DAILY that to expand the export of building materials and their technology will be one of the three main tasks for the industry in the Eighth Five-Year Plan period.

The industry will increase its current annual \$1 billion exports to about \$2.5 billion by the end of this century, he said.

To achieve this, the industry plans to build 13 non-metallic minerals export bases throughout the country.

Zhang also said that in the next 10 years, the industry will try to increase the export of technology as well as personnel to Third World nations.

At present, China is the biggest cement and glass producer in the world, Zhang said.

Materials Departments Supply Foreign-Funded Firms

OW0312062690 Beijing XINHUA Domestic Service
in Chinese 0903 GMT 30 Nov 90

[By reporter Xu Kehong (1776 0344 3163)]

[Text] Beijing, 30 Nov (XINHUA)—Foreign-funded enterprises in China welcome efforts made by China's materials and equipment departments at various levels in preparing and supplying necessary materials.

Since the implementation of the policy of opening to the outside world, joint ventures, cooperative enterprises, and wholly foreign-owned enterprises have developed rapidly. At present, approvals have been granted to some 21,000 such enterprises throughout the country. To ensure materials and equipment supply to these foreign-funded enterprises, the State Council has issued a number of circulars, urging materials and equipment departments at various levels to do a good job in supplying materials and equipment to these foreign-funded enterprises.

Spurred by the needs of the foreign-funded enterprises in materials and equipment supplies, which are characterized by small quantities, high frequency, and complex specifications, some service companies have been established in some coastal provinces and cities to cater to these needs. These companies take the initiative in offering backup services and try all possible means to satisfy the materials and equipment needs of the three types of partly and wholly foreign-funded enterprises.

To help foreign-funded enterprises purchase raw and processed materials and accessories and parts badly needed in their production, the Guangzhou City Materials Corporation has set up exclusive foreign exchange materials and equipment markets in development zones. In Shanghai, where materials and equipment departments have large quantities and a complete range of materials and equipment and can satisfy the needs of foreign-funded enterprises, quarterly meetings are held to coordinate materials and equipment supplies for those enterprises. The Liaoning Provincial Foreign-Funded Enterprise Materials Company, after identifying materials and equipment needed by foreign-funded enterprises, has made the necessary arrangements to supply those enterprises, both under construction and in operation, on a priority basis. As a result, the construction of several dozen partly and wholly foreign-funded enterprises of the three types has been sped up while normal production is ensured in enterprises already operating.

While state-controlled resources are diminishing and the contradiction between supply and demand is increasingly felt, the Ministry of Materials and Equipment, in an effort to ensure supplies to foreign-funded enterprises, has provided a considerable amount of material and equipment in recent years. Last year, the ministry prepared 14,000 tonnes of rolled steel, 1,500 tonnes of high-pressure ethylene, 2,000 tonnes of polypropylene, and large quantities of rubber, sodium carbonate, caustic soda, and other materials for foreign-funded enterprises. Materials and equipment departments in various localities also provided large quantities of various materials and equipment for foreign-funded enterprises.

In future, the state will empower foreign-funded enterprise materials and equipment companies at provincial and municipal levels in coastal provinces and municipalities to import materials, will help them solve problems in working funds and relief materials and equipment, and will allow them certain flexibility in operation, so that these materials and equipment companies can take full responsibility for supplying necessary materials and equipment to foreign-funded enterprises in China quickly.

Commodity Circulation Improves During Reform

OW0212163590 Beijing XINHUA Domestic Service
in Chinese 0613 GMT 29 Nov 90

[By reporter Xu Kehong (1776 0344 3163)]

[Text] Beijing, 29 Nov (XINHUA)—While focusing on establishing a production material market when restructuring commodity circulation, China keeps coming up with remedial measures for new issues. With respect to streamlining the production material market and the market of goods produced under the state's guidance, the government has developed new, effective, and satisfactory mechanisms to oversee material circulation.

As activities on the commodity market continue to expand in recent years, negative effects of market mechanisms have become increasingly obvious: speculation, price manipulation, frauds, and other illegal activities were rampant for a time. This being the case, relevant authorities of the state have introduced a set of exploratory measures for combating these negative phenomena.

Owing to the establishment of a large number of multi-purpose commodity trade centers, which provide comprehensive services for the production material market, the production material market has been operating more soundly. Today the nearly 300 prefectural, municipal, and higher-level commodity trade centers across the country are handling nearly 70 billion yuan of goods, accounting for 38 percent of the total commodity trade volume planned by commodity departments. Most of these centers are able to provide comprehensive services, such as coordinating the exchange of market information, regulating market supply, and organizing commodity exchange. Because of this, they have attracted a large number of producers and consumers.

Meanwhile, a large number of rolled steel trade centers also have been set up to provide better guidance for the management of rolled steel trade. Because rolled steel is an important material in short supply, its market had all sorts of problems. To provide effective supervision over the trade of this commodity, the state has approved the establishment of 294 rolled steel markets to oversee traders' credentials, their suppliers and buyers, and the transaction prices; and organize all types of trade activities. Last year, these markets sold nearly 10 million metric tons of rolled steel, and the order of rolled steel circulation has improved noticeably.

To control price confusion in production material trade, the state, while proceeding with its macroscopic economic retrenchment policy, also has exercised rational, administrative control over the excessive market prices of production materials and imposed a ceiling on certain important production materials. This has curbed effectively their price increase.

During the course of economic readjustments, the state also has set guidelines for certain commodities subjected to market regulation so as to coordinate supply and demand by setting supply quotas for selected consumers but without fixing their prices. This is another major attempt to restructure commodity circulation. Under this plan, the state, while proceeding with its economic restructuring, uses administrative measures to specify the way certain commodities are purchased and sold, whereas the prices are set by the suppliers and consumers through negotiations. To a certain extent, this has prevented unscrupulous market activities and significantly ensured the needs of key projects and the implementation of preferential policies.

Gold Industry Plans Construction To Up Production

OW0712111590 Beijing XINHUA in English
0835 GMT 7 Dec 90

[Text] Laizhou, December 7 (XINHUA)—China's gold industry will redouble its efforts to shorten the time required for gold mine construction in an effort to achieve a more rapid fulfillment of the production goals for the next five years.

This is an important measure to enhance China's gold industry, said Xu Daquan, vice-minister of metallurgical industry, at the on-going national gold industry conference that opened here yesterday.

Xu said that rapid completion of gold mine construction projects allowed China to fulfill this year's production target one month ahead of schedule.

The vice-minister said that the State Gold Administrative Bureau instituted concrete measures to allow the country's 15 gold mines to meet production targets, and supported the mines by supplying necessary funds.

Xu said the Sanshandao Gold Mine, the largest of its kind in China, serves as a good example of China's development of gold resources.

The Sanshandao Gold Mine, which is located in Shandong Province, became operational and met its designed requirements in only one year after construction was completed.

The mine, which uses equipment imported from seven countries including the United States, France and Canada, has a daily production capacity of 1,500 tons of ore.

Microelectronics Industry Sets 5-Year Plan Goals

OW0612170390 Beijing XINHUA in English
1535 GMT 6 Dec 90

[Text] Beijing, December 6 (XINHUA)—China's microelectronics industry will focus its efforts on two major projects—color picture kinescopes and integrated circuits production, in the next five years.

In the Eighth Five-Year Plan (1991-1995), China will set up several plants which will produce color picture kinescopes to meet the increasing demands by the color TV industry, an official from the Ministry of Machine-Building and Electronics Industry said here today.

At present China can produce only three million color picture tubes a year while its annual production capacity of color TV sets is 15 million units. As a result, most of the tubes needed by the industry have to be imported from foreign countries.

By the time these projects are finished, China will have sufficient color picture kinescopes for color TV production and will be able to export some as well, according to the official.

Meanwhile, he said, China will launch research efforts into new color picture tubes for large screen TV sets, high resolution kinescopes, and liquid crystal displays to meet the needs for a new generation of color TV sets and displays.

He added that China will produce more automated elements in the next five years to usher in the technical revolution in electronics equipment assembly.

As far as sensitive elements and sensors are concerned, he said, emphasis will be placed on the measuring power, temperature, pressure, magnetism, heat and gas of the components and sensors.

To meet this end, the industry plans to establish three development centers and some special enterprises for batch production.

He noted that China will engage in more international cooperation and introduce more advanced foreign technical know-how, such as electronics components and semi-conductor components, to its microelectronics industry.

Transport Development Noted During 5-Year Plan

HK0512061190 Beijing RENMIN RIBAO in Chinese
24 Nov 90 p 2

[Report by staff reporter Zhang Guorong (1728 0948 2837) and XINHUA reporter Wu Shishen (0702 1102 3234): "New Progress in China's Communications and Transport During the Seventh Five-Year Plan"]

[Text] China's transport and communications during the Seventh Five-Year Plan was characterized by the speedy

development of electric railways and highways, thus improving the republic's communications.

According to the information supplied by the State Statistical Bureau, in the past five years, a number of electric railways have been built and put into operation including the Baoji-Zhengzhou Railway, Beijing-Qinhuangdao Railway, and the western section of the Datong-Qinhuangdao Railway. Electrification of some sections of the Hunan-Guizhou Railway, Yingtian-Xiamen Railway, Beijing-Guangzhou Railway, Chengdu-Chongqing Railway, and Guiyang-Kunming Railway has also been completed, with the mileage of newly-built electric railways totaling over 3,073 km. By the end of the year, electric railways across the country will have reached a total of 7,224 km, representing 13.5 percent of the transportation mileage of all railways.

It is estimated that during the "Seventh Five-Year Plan," the total mileage of railway transportation across the country will increase by over 3,400 km, and the newly-added dual-track mileage by nearly 3,000 km. The proportion of dual-track mileage in the total railway transportation mileage will have an increase of approximately four percentage points over the "Sixth Five-Year Plan." Over 99 percent of main railways are dual-track, including the Harbin-Dalian Railway, Beijing-Shenyang Railway, Beijing-Guangzhou Railway, Tianjin-Pu [pu 5543] Railway, Fengtai-Shacheng [feng sha 0023 3097] and Beijing-Qinhuangdao. Furthermore, over 90 percent of the following railways are dual-track: The Suihuashi [sui 4840]-Jiamusi [jia 0163] Railway, Shijiazhuang-Taiyuan Railway, Shijiazhuang-Dezhou [de 1795] Railway, Guangzhou-Shenzhen Railway, and Shanghai-Nanjing Railway. The increase in the percentage of dual-track railways in main railways is very important in alleviating the shortage of transportation facilities.

The construction of highways, modern communications facilities, began late in China, but their development has been quick. The Shanghai-Jiading Highway, Guangzhou-Foshan Highway, Shenyang-Dalian Highway, and others have been constructed and opened to traffic, and China is expediting the construction of the Beijing-Tianjin-Tanggu Highway and the Round-the-Island Highway in Hainan. It is estimated that by the end of the year, the mileage of highways all over the country will exceed 500 km [figure as published].

Sea transportation has also improved considerably. At the end of 1989, the mileage of river transportation totaled 109,000 km, and berths at the 16 large and medium-sized coastal ports numbered 509, a 36.5-percent increase over the end of the "Sixth Five-Year Plan." This has helped accommodate ships at ports, thus quickening the loading and unloading of cargoes.

There has been new progress in China's civil aviation in the past five years. At the end of 1989, there were 378 air routes, 110 routes more than at the end of the "Sixth Five-Year Plan," and the flight journey was increased by 200,000 km; civil aviation transported a total of 12.8

million passengers and nearly 4 billion metric tons of goods, both showing an increase of over 58 percent over the "Sixth Five-Year Plan."

As reform and opening up are being deepened, during the "Seventh Five-Year Plan," various localities have also vigorously developed communications. Hubei, Shanxi, Shandong, Heilongjiang, Jilin, Anhui, and other provinces have also collected funds for the construction of regional railways. In this way, the number of regional railways increased from 49 in 1985 to 63 in 1989, and their total length reached 3,712 km. The setting up of regional aviation enterprises has changed the sole operational mode of civil aviation that was used for so many years.

Rural Industry Develops Under 7th 5-Year Plan

OW0612165090 Beijing XINHUA in English
1410 GMT 6 Dec 90

["Roundup: China's Rural Industry Develops Steadily"—XINHUA headline]

[Text] Beijing, December 6 (XINHUA)—China's rural industry has developed at a compounded rate of 25 percent annually in the past five years, making it the backbone of the country's rural economic development, an official from the Ministry of Agriculture said today.

In an interview with XINHUA, Zhu Jie, deputy director of Rural Enterprises Bureau under the ministry said that the output value of these enterprises has increased from 275.2 billion yuan in 1985 to 950 billion yuan in 1990. Their proportion of the national social product has increased from 16.5 percent to 26 percent.

In the past five year period, known as China's Seventh Five-Year Plan (1986-1990), rural enterprises have supported agricultural construction with an investment of 21.6 billion yuan. In the meantime, another 32.4 billion has been spent on the construction of various rural infrastructure projects, Zhu said.

Meanwhile, each year more than five million farmers find jobs in these enterprises which pay 90 billion yuan in worker revenues annually. These expenditures represent one fourth of the total increased amount of the country's farmers' income.

Experts attribute the high growth rate of rural industries to a mechanism by which they can develop and make adjustments on their own. When most Chinese enterprises are faced with acute shortages in capital, for instance, rural enterprises raise funds in every way possible, which has helped them ride through difficult times. These enterprises readjust their product mix quickly when some products are unmarketable.

After almost two years' readjustment, the official said, 85 percent of the rural enterprises and their products suit the state's industrial development policies.

In the past two years, while the processing industry was expanding rapidly, aggravating tension in capital investment, energy and raw materials, rural enterprises, particularly those enterprises located in the coastal regions, started to attach greater importance to exploring international markets.

Statistics from the Ministry of Agriculture show that the export volume of China's rural enterprises has shot up from 3.9 billion U.S. dollars in 1985 to an estimated 12.5 billion U.S. dollars in 1990, accounting for 25 percent of the country's total.

At present, some 50,000 rural enterprises in China are involved in export, and more are trying to attract foreign investment. The southeastern province of Fujian alone has thus far set up over 700 such foreign-funded rural enterprises which export most of their products.

Officials from the Ministry of Agriculture are expecting a new phase in the development of rural enterprises in the next five years. Zhu Jie estimates that rural enterprises will make greater use of new science and technology in their efforts to improve the quality of their products and attain new development.

Planning Noted for Opening Up Southwestern Region

HK0112054090 Hong Kong TA KUNG PAO in Chinese
23 Nov 90 p 2

["Special article" by staff reporter Lin Ning (2651 1337): "A Major Planning for Opening Up the Southwestern Region"]

[Text] Guangzhou, 22 Nov (TA KUNG PAO)—The fan-shaped border trade region along more than 9,000 kilometers of China's southwest boundary lines, including Zhangmu and Yadong of Tibet, Dehong and Xishuangbanna of Yunnan, and Fangcheng, Beihai, and Pingxiang of Guangxi, has now gradually grown into a new port in southwest China for opening up to Southeast Asia and South Asia.

This "silk road in the south" goes through Tibet, which borders on India, Nepal, Bhutan, and Sikkim; Yunnan, which borders on Burma, Laos, and Vietnam; and Guangxi, which borders on Vietnam. Moreover, along this road, there is the sea port of Fangcheng in Guangxi, the Chongqing port along the Changjiang, and the Wuzhou port along the Zhujiang. The idea of opening up this new door in southwest China was based on the use of these thoroughfares, which can reach Hong Kong and Macao in the east, Southeast Asia in the south, and the Indian Ocean in the west and can lead to the international market.

In view of the current situation, the opening of the southwestern region has both advantages and disadvantages. As this region does not have sufficient foreign exchange, it will find it difficult to support its technology import with large sums of foreign exchange. As the export commodities produced by this region are mostly

low-grade products, it cannot expand the scale of trade with the developed countries. As the investment environment is not as good as that of the coastal areas, it will be unable to compete with the latter, and its preferential policies will not be as attractive as those of the coastal areas. There are rich mineral resources, hydropower resources, and agricultural, forestry, and animal resources, however, in this region. In addition, there are also large numbers of military industrial enterprises there. With the strengthening of the inclined industrial policy, this region, which is a supplement to the coastal open areas, occupies an important strategic position.

The idea of "paying equal attention to both sea and land, making trade start off before other businesses, developing industries next, and strengthening management" in the course of opening up to the outside world was a concrete strategy worked out in light of the characteristics of southwest China. According to the initial plan, the region will make use of its water thoroughfare and coastal industries to explore a feasible channel to expand trade with Hong Kong and the developed countries. Moreover, it will make full use of its internal ports and thoroughfares to promote trades, including the state, local, and nongovernmental trades, with its contiguous developing countries, so that the course of opening up can be promoted by border trade.

Judging from the current conditions of southwest China, in expanding trade relations with the contiguous developing countries, this region has obvious superiority in geographical and human environments. Especially, as the southeast and south Asian countries are demanding more low-grade products, the trading of such commodities does not need the support of a great deal of foreign exchange. Under the current economic and technological conditions, southwest China can produce such products. Moreover, export demands less subsidies from the state.

The Hot Spots of Trade Along the Boundary Lines

When border trade is developed to a certain scale and becomes comparatively stable, southwest China will gradually develop some industries to satisfy the needs of export to the neighboring countries, promote the exploitation of natural resources in some relevant areas, and promote economic ties between Tibet, Sichuan, Yunnan, Guangxi, and Guizhou. The timber produced in this region will be used to support the construction of the eastern part of China so that the industrial relations between southwest China and the coastal areas can be further promoted.

At present, northwest China has gone ahead in promoting economic and trade relations with the Soviet Union and the east European group. Southwest China should also strengthen the study of similar policies and put forth applicable methods for building new ports, improving trade management, exporting materials, making entry and departure registration for relevant personnel, and handling foreign exchange.

Along the boundary lines in southwest China, a number of foreign trade ports and border trade points have already been set up. The border trade volume of some ports, such as Dehongzhou of Yunnan Province, even reached more than 800 million yuan last year. Border trade has also become brisk in many other border trade points, such as Pingxiang and other ports in Guangxi and the Zhangmu port in Tibet. In the future, it is planned that these ports and border trade "hot spots" will become the main places for exporting commodities, technology, fund, and equipment. Some "window enterprises" will be established with the joint efforts of the neighboring countries so that more products can be exported.

Taking into consideration the overall strategy of reform and opening up of the whole country and reform and opening up of the southwestern region, it is impossible for this kind of free trade area to establish a new structure as the coastal special economic zones. It is only necessary to make certain reforms of the existing structures. The key problem is to encourage development of the current form of trade in policy. Due to the restrictions of various conditions, the scale of this trade will unlikely be greatly expanded in the near future. But to the southwestern region, if this form and other experiences are introduced to certain trade points along the boundary lines, some positive results may be obtained. If it is organically combined with the coastal development strategy, it may have an overall superiority in structure.

Planning for a Comprehensive Transport Pattern

Of course, the opening up of the southwestern region also includes the establishment of an "economic development zone" in the inland areas, which have rich natural resources, good economic bases, and convenient communications, and the development of a number of industrial and trading enterprises in some border areas, which "put both ends of the production process on the world market," so that production and export can be promoted and a three-layered opening pattern can be formed.

Authoritative sources revealed that to support the southwestern region in its efforts to open up to the outside world, the central authorities have also worked out a general planning for a comprehensive transport and communications pattern for this region. The general planning includes the completion of the projects of electrifying the Sichuan-Guizhou railway and building the Nanning-Kunming railway in the Eighth Five-Year Plan period; the construction of the Chongqing-Guiyang-Nanning highway, the Changsha-Guiyang-Kunming highway, the Chengdu-Yibin-Kunming highway, the Nanning-Baise-Kunming highway, and the Chengdu-Chongqing expressway; the transformation of the China-Nepal highway; and the construction of water thoroughfares along the Changjiang, Zhujiang, and some international rivers to increase the water transport ability of this region. The implementation of this strategy is not only conducive to the reform and opening

up of the southwestern region, but also, it will undoubtedly promote the perfection and development of China's overall strategy of opening up to the outside world.

Article Discusses Modern Capitalist Development

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[Article by Chou Qihua (0092 0796 5478): "How To Understand Contemporary Capitalism's Economic Development"]

[Text] With the end of World War II, capitalist countries enjoyed a rather rapid economic growth rate between the 1950's and early 1970's. In the two decades between 1953 and 1973, the average GNP growth rate of the United States, the United Kingdom, France, the FRG and Japan was 5.5 percent, far exceeding the prewar period (the average growth rate being 1.9 percent between 1913 and 1950.)

Under such circumstances, some people are bewildered: If capitalism is moribund, why should it have enjoyed such a rapid development? Others have bluntly negated Lenin's conclusion on moribund imperialism: The very fact of rapid capitalist growth proves that the concept of moribund imperialism is outmoded.

To my mind, so long as we understand basic Marxist-Leninist tenets in integrity with accuracy, while comprehensively analyzing, with their guidance, the process of postwar imperialist economic development, we are entirely capable of presenting a clear picture of this issue.

1) A comprehensive and accurate understanding of Lenin's argument on moribund imperialism is involved.

The view that imperialism's stagnant and perishing tendency is the sole tendency in the production and technological development under imperialist condition, does not fall in line with Lenin's original meaning. On the one hand, Lenin pointed out, monopoly has replaced free competition, with monopolized prices; as a result, technological progress' impetus is lost to a certain extent. On the other, he pointed out, this moribund tendency does not reject the tendency of rapid growth. He stated: "It would be wrong to think that this moribund tendency rejects the tendency of rapid growth. No. In the era of imperialism, the individual industrial department, the capitalist class, and the country will show one tendency one time, and a different one at another time. On the whole, capitalism is enjoying a much faster growth than before...." What Lenin had in mind was not the stagnant and moribund tendency replacing that of rapid growth, but the surfacing of a stagnant and moribund tendency along with the existing tendency of rapid growth; hence, the two tendencies of development. Therefore, negating the idea of moribund imperialism on the grounds that there was a tendency for rapid growth in the postwar imperialist economy is apparently not conclusive enough.

2) We must have an integral and accurate understanding of the historical materialist principle on the movement of contradiction between the productive force and production relations.

The historical materialist principle on the movement of contradiction between the productive force and production must be used in analyzing the cause of the rapid imperialist economic growth between the 1950's and 1960's. Some people, however, have a onesided understanding of this principle. They simply attribute the impetus of the productive force's development to the production relations, while holding the view that production relations of a production mode on the upswing are entirely compatible with, and capable of promoting, the productive force's development; whereas in its decline, the production relations are entirely incompatible with, and liable to impede, the productive force development. By simplified reduction to absurdity, they arrived at a wrong conclusion: As the postwar imperialist economy enjoyed rapid growth, so its production relations are compatible with, and capable of promoting, the productive force's development; it follows that imperialism is not moribund, while the capitalist production mode is not declining but on improving. Then, what is the correct approach?

First, historical materialism believes, in the unity of opposites between the productive force and production relations, the productive force is the decisive factor. This being the case, the technological revolution's decisive role should never be neglected in analyzing the cause of the rapid postwar imperialist economic growth. The productive force is the most active and revolutionary factor in social production. It always progresses. Moribund production relations are capable of impeding and slowing its development, but will not change its tendency to progress. If the productive force was absolutely stagnant when production relations impeded the productive force's development, it would have been impossible for the productive force to break through the bondage of production relations with the surfacing of new production mode. Therefore, the concept that the productive force will develop only when production relations are compatible with it, and will not develop otherwise, does not fall in line with historical facts. Moreover, the richer the knowledge men have acquired through the struggle of production and scientific experiments, the greater profundity is their knowledge of nature and the law governing its development. Because of the increasing possibility of accumulation with the expansion of production scope and increase in labor productivity, the productive force is likely to make accelerated progress. In addition, when qualitative change takes place in the course of the progress of science and technology, namely, a science and technological revolution, a particularly rapid development of the productive force will surface. In the history of capitalist development, both the technological revolution that began in the late 18th century represented by the steam engine, and the one that began in the late 19th century represented by the use of electricity,

brought great development of the productive force. The technological revolution since World War II has far surpassed past technological revolutions, whether in breadth or depth. It was precisely the great development of the productive force, which resulted from the third technological revolution, that became the decisive factor of the rapid postwar capitalist economic growth.

Second, in the development of a production mode, the relationship between the productive force and the production relations are compatible as well as incompatible with each other. In the stage of its increase, computability is the major aspect, which is accompanied by production relations being incompatible with the productive force, while impeding the latter's development. This is evidenced by the economic crisis which resulted from the rise and aggravation of the basic contradiction in capitalism. In the capitalist monopoly stage, the incompatibility of production relations with the productive force becomes the major aspect and impedes the latter's development; however, such an aspect is accompanied by the compatibility of production relations with the productive force, while promoting the latter's development. For example, pushed forward by the laws of surplus value and competition, the capitalist will continue to improve technology to improve labor productivity. We must also see, at this stage, partial readjustment in production relations within the realm of capitalism is still possible. Generally speaking, rather marked production growth is possible in the initial phase of such readjustment because of the temporary compatibility of production relations with the productive force to a certain extent. The development of state monopoly capitalism is precisely such a readjustment in capitalist production relations. The combination of the state and monopoly capitalism is a "cardiac stimulant" to the capitalist economy, thus stimulating the development of the capitalist economy to some extent in a certain period. Its specific expressions are: The state puts in voluminous investment, and conducts a huge amount of organizational work in scientific research to accomplish scientific research projects, which would be quite beyond any private monopoly organization, while promoting the progress of science and technology; the state provides direct and indirect financial aid to monopoly organizations, expands the scope of monopoly capitalist accumulation, thus creating conditions for accelerating the expanded reproduction of social capital; and the state implements macroscopic economic regulation, especially adopting "countercrisis" measures and conducts planning to achieve temporary ease of the market, thus alleviating the pounding of economic crisis. From a worldwide angle, developed capitalist countries, headed by the United States, have established a relatively unified world trade and banking system and order, and promoted the development of international trade and banking, thus being favorable to the relevant countries' economic growth.

When we say state monopoly capitalism is capable of promoting the productive force's development in a certain period, it does not mean that its production relations are entirely compatible with the productive force.

In actual fact, incompatibility always exists. For example, prior to 1973, economic crises took place on several occasions in imperialist countries: There were five instances in the United States and the United Kingdom, six in Japan, four in the FRG, and three in France. Apparently, without such a stagnant and moribund tendency, the imperialist economy could have developed more rapidly. We cannot say capitalism is on the rise on the grounds of its rapid economic growth. Imperialism is a major stage in which capitalism's development is on the decline. The productive force's development which resulted from some partial readjustment in production relations in this major stage cannot change the general tendency of its decline.

In passing, we should like to point out that, the rapid capitalist economic development between the 1950's and 1960's was inseparable from some historical conditions. During the said period, developing countries were fighting for independence or had just won their independence, and they were still weak in resisting imperialist exploitation and plunder, while imperialist countries reaped great profits from developing countries, especially obtaining cheap oil from them; these were important conditions supporting imperialist economic growth. In addition, some partial wars prior to the 1970's, for example, the wars of invading Korean and Vietnam launched by the United States also played a supportive role to the economic growth of the United States, Japan, and other countries.

It is a lopsided view to attribute the rapid economic growth between the 1950's and the 1960's to the readjustment in the capitalist production relations, while failing to see the role of these historical conditions, especially the technological revolution's decisive role.

3) Regarding the postwar capitalist economic growth, it is necessary to view the whole course: while seeing the rapid growth between the 1950's and 1960's, we should also see the stagnation and low growth rate in the early 1970's.

In actuality, the developed capitalist countries' economies have entered a period of stagnation and low growth since 1973. The average GNP growth rate of countries in organization of economic cooperation and development dropped from five percent between 1961 and 1973 to 2.87 percent between 1974 and 1979; the average GNP growth rate of these countries between 1980 and 1988 was only 2.7 percent. Not only this, but also during the same period, two grave world economic crises took place: one between 1973 and 1975, and the other between 1979 and 1982. In the first economic crisis, the decline rates in industrial production in the United States, Japan, the FRG, the United Kingdom, and France were 15.3 percent, 20 percent, 12.9 percent, 11 percent, and 14 percent respectively; while in the other economic crisis, they were 11.8 percent, 4.1 percent, 12.2 percent, 14.8 percent, and 7.4 percent respectively.

Such long-term stagnation resulted from multiple causes, but basically speaking, it was the inevitable consequence of state monopoly capitalist development.

Artificially, the state eased the contradiction between production and the market with the policies of financial expansion and monetary credit to stimulate economic growth and to quickly eliminate the crisis. From a short-range view, one crisis after another was eased or tided over rather quickly; from a long-range view, however, this established conditions for a graver crisis and economic stagnation because of rather mild past crises with overproduction factors accumulated because they were not eradicated.

The state resorted to financial expansion and monetary credit to regulate the economy. Such practice resulted in a grave crisis and economic stagnation, in addition to tremendous financial deficits and grave inflation. The annual average price increase of consumer goods in the United States, the United Kingdom, France, the FRG, and Japan shot up from two percent in the 1950's to 3.4 percent in the 1960's, and around 10 percent in the 1970's.

The simultaneous appearance of economic stagnation and inflation (Western scholars call such a state, "stagflation") brought capitalist countries' regulation to an impasse. "Stagnation" and "inflation," the two symptoms contradict each other. Should the state continue to adopt the expansion policy to stimulate the economy, it would result in inflation's vicious development; but should the state adopt an austerity policy to check inflation, it would be difficult to get rid of economic stagnation, with the possibility of a new crisis. Because inflation's vicious development would stimulate capital to turn to speculation, while barring it from the production arena, and even resulting in the confusion of the entire economic life, capitalist countries had to regard inflation as the "No. 1 enemy," while focusing on the austerity policy to halt inflation. Consequently, inflation was somewhat checked, but economic stagnation continued for a long time.

4) Regarding the post-war capitalist economic growth, it is necessary to view the entire economic system in the capitalist world; attention should be paid to the economic development of imperialist countries and that of many developing countries in the capitalist system.

Of the 100 or so countries in the capitalist system, the overwhelming majority are at different development levels, with the exception of some 20 developed countries. Only a small number of them enjoy rather good economic development (mostly new-rising industrial countries and oil-exporting countries with high incomes,) while the economic conditions of the majority are far more serious than developed countries. Especially since the beginning of the 1980's, the majority have been bogged down in a far graver stagnation and lower growth rate than developed countries. The average annual industrial growth rate of countries in the middle income

brackets dropped from six percent between 1965 and 1980 to 2.9 percent between 1980 and 1987, while that of countries in the low income brackets dropped from 10 percent to 0.2 percent, and that of sub-Saharan Africa dropped from 9.5 percent to a negative 1.2 percent. As to agricultural production, it has been basically in a halt since the beginning of the 1970's. Food shortage is especially grave. Presently 550 million people are on the verge of starvation, and the annual number of people dying of starvation has been between 13 million and 18 million. In many developing countries, their unemployment rates have soared; they suffered tremendous financial deficits and grave inflation; their foreign trade conditions have worsened; their debts have ballooned with the surfacing of a debt crisis; their ecological conditions have worsened; and their peoples are poverty-stricken. Some countries are facing a collapse of their economies. In the final analysis, these phenomena are the offsprings of the capitalist private ownership and the imperialist policy of exploitation and plunder. While examining the impeding role of capitalist production relations to the productive force's development, we should not neglect this important aspect.

In short, since the end of World War II, many new phenomena have surfaced in capitalist development. However, they have not eliminated the inherent contradictions in capitalism. Lenin's theory on imperialism's very nature and innate character, and theory on the general law governing imperialist economic movement remain the theoretical basis of our scientific understanding and analysis of capitalism.

Circular Issued on 1991 Agriculture, Rural Work

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[“Text” of circular issued by the CPC Central Committee and the State Council on 1 December 1990 on agriculture and rural work in 1991; from the Local Broadcast News Service]

[Text] Beijing, 4 Dec (XINHUA)—The agricultural and rural situations are very good in our country this year. A record grain output has been reaped on the basis of last year's bumper harvest; the total output of sugar crop and oil-bearing crops grew by 10 percent over last year's figure; the slump in cotton production has been reversed; the sectors of forestry, animal husbandry, sideline products, and fishery have maintained a relatively good trend of production; and village and town enterprises have continued to enjoy development amid the economic improvement and rectification campaign. Practice has proved that there are great potentialities for agricultural production in our country and that there is every condition for us to maintain a sustained, steady, and coordinated development of the rural economy so long as the whole party attaches importance to it, so long as our policies are correct, and so long as we succeed in bringing

into full play the initiative of the broad masses of peasants by relying on science and technology and increasing input.

Agricultural bumper harvest is the result of resolute implementation of the party's rural policy, which attaches importance to supporting agriculture and promoting its development, by all trades and professions and by the leadership and the rank and file throughout the country. Comparatively good weather condition is also an important factor. We must draw a lesson from historical experiences and absolutely must not have blind optimism because of the bumper harvests reaped in the past one or two years. It is necessary for us to be soberly aware that the material and technological bases for agriculture are still very weak in our country; that our capabilities to withstand natural disasters are still not strong; that considerably great improvements remain to be desired in the external environment for agricultural development; that our population is still on the rise; that the area of cultivated land is still decreasing; that the contradiction between supply of and demand for the staple farm produce, such as grain, cotton, and so forth, has not been fundamentally eased; that the problem of food and clothing encountered by peasants in some impoverished areas is still not solved; and that the problems confronting our agricultural development and rural economy are still conspicuous. Therefore, we have no alternative but to improve agriculture and rural work; we cannot afford to let them become worse. As for the new situations and problems that have cropped up in rural areas, we must deal with them in earnest, conduct meticulous study, and make efforts to find solutions for them.

The year 1991 will be the first year of the "Eighth Five-Year Plan." Making vigorous efforts to secure bumper harvest in agriculture, ensuring a steady growth of the rural economy, and further improving the situation in rural areas has very important significance for the national economic and social development, as well as for the realization of the second step of our strategic goal. Since our country's agricultural development is still restricted, to a great extent, by natural conditions, we must make adequate preparations in anticipation of difficulties that may crop up and leave some leeway when drawing up plans for agricultural production. It is necessary for the party committees and governments at all levels to continue to give top priority to agriculture and rural work and properly tackle the following tasks in earnest:

1. Stabilize and Improve the Contract Household Responsibility System With Remuneration Linked to Output Playing the Dominant Role and Establish and Improve a System of Socialized Agricultural Services

The dual operational system combining centralization and decentralization has been established through implementation of various responsibility systems with the contract household responsibility system with remuneration linked to output playing the dominant role in the

course of rural reform. It has found a new method of operation suited to the level of the productive forces and the needs of development for the collective economy. As it has a broad adaptability and strong vitality, this kind of operational system must be stabilized as a basic system for rural areas for a protracted period of time to come and must be improved continuously. Stability is the basis for improvement, and by improvement we mean finding proper solutions for the problems existing in the process of implementation of the household responsibility system of linking remuneration to output, instead of changing the system.

The land contract system must be stabilized and improved. It is necessary to stabilize the land contract relationships which have been formed; no attempt should be made to change them so long as the contract method is basically reasonable and so long as the masses are basically satisfied. If the plots of land are too scattered to be suitable for farming, they can be appropriately adjusted in accordance with the principle of achieving equal land area and quality basically. In the case that land adjustments are necessary because of actual needs occasioned by capital construction and population change, they must be strictly controlled. With regard to some few localities where conditions do permit development of agricultural operations of appropriate scale, proper adjustments may be made in line with local conditions and in conformity with the popular wish of the masses. Such adjustments must not be enforced, however, without regard to local conditions. Whatever contract forms are adopted, the state-collective-individual relationship must be properly handled and attention must be paid to bringing the initiative of the masses and peasants into full play. It is necessary to link the obligations of contractor to hand over grain and tax payment to the state and collective with the rights related to a land contract, define the various services that the party awarding the contract ought to provide to contractor, and integrate the superiority of unified operations by collectives with the initiative of peasant households in their decentralized operations. Close attention must be paid to using cultivated land sparingly. Basically, we must adopt the principle of promoting intensive development in rural housing construction, so as to bring the use of cultivated land under strict control.

It is necessary for us to make vigorous efforts to develop a system of socialized agricultural services. This system includes services within the organizations of cooperative sector of the economy and the services provided by economic technical departments of the state and various other economic entities specialized in offering services. The party committees and governments at all levels, particularly those at the county and township levels, must make efforts to succeed in developing and strengthening organization of the system of socialized agricultural services and help, supervise, and guide various local service organizations to give play to their respective roles before, during, and after production. Such efforts must be made whenever necessary and wherever possible. It is necessary for them to actively help the

organizations of the cooperative sector of the economy succeed in handling all the service items badly needed by peasants and give play to their role as a tie among the broad masses of peasant households under such organizations and as a link between such organizations and the economic technical departments of the state and between such organizations and various service organizations in society. It is necessary for them to supervise the economic technical departments of the state and encourage them to improve their service functions by focusing attention on technology, funds, goods and material, information, operation and management, and sales of products. Meanwhile, it is also necessary for them to provide organized guidance for various economic entities that specialize in offering services and to organize cooperative economic organizations or peasant households to form associations of various forms to provide specialized or systematic services to peasants.

Our collective economies should build up their strength through developing production and accumulating more resources, paying special attention to developing new resources and exploring new ways of production. This should be a gradual process, and local authorities should proceed from reality and provide guidance according to different situations. By no means should they be too eager for success and rush headlong into action. Greater efforts should be made to guard against egalitarian practices and indiscriminate transfer of resources. Villages which are weak for collective economic development should be assisted to get a start. The assistance should primarily be in the form of managing their land and collective property, retaining collective funds according to regulations, gradually diversifying their operation and establishing township enterprises, and expanding their capacity for development through various channels. Localities with resources may also support these villages through setting up special funds and establishing ties with them. Township enterprises are an important support for the rural economy, and we should continue to support them and give them guidance so that they can develop soundly.

We should continue to uphold the principle governing the coexistence of all types of economic ingredients, with collective economy being dominant. We should protect the legitimate operation of the farming and breeding households and individual business operators. To protect the legitimate rights and interests of private enterprises, we should give them better guidance, supervision, and management; and promote what is beneficial and abolish what is harmful.

2. Firmly Proceed With Water Conservancy Construction

China's overall bumper agricultural harvests this year are inseparable from the construction of relatively effective irrigation facilities in recent years. In accordance with the guidelines set by the National Conference on Water Conservancy Construction, all localities should give full scope to the ample manpower in the nation's

rural areas and earnestly mobilize and meticulously organize the masses there to undertake water conservancy construction during the slack farming period this winter and next spring.

Our efforts, financial resources, and manpower should primarily be directed to repairing, expanding, and upgrading the existing projects. Determination should be made to fix the old and neglected irrigation facilities so as to give full scope to the usefulness of the existing projects. Meanwhile, arrangements should also be made for building certain urgently needed new projects so that we can become more capable of resisting natural onslaughts.

We should speed up improving the medium and low-yield croplands. In hilly areas, efforts should primarily be directed to building terraced fields, harnessing the small basins, and guarding against soil erosion. On plains, efforts should be directed to leveling land and building supporting farming facilities. In low lying areas vulnerable to waterlogging, efforts should be directed to draining excessive water, improving the alkalized soil, and improving the irrigation facilities. Continuous efforts should be made to plant trees and improving cultivation through building engineering projects and adopting biological measures. All localities should draw up comprehensive improvement plans according to their actual situations and carry out these plans selectively and systematically.

The construction of water conservancy projects should proceed according to the principle of emphasizing self-reliance and considering state support secondary. In this way, authorities at all levels—the state, localities, collectives, and individual households—will work together to raise construction funds through all channels. Investments from the state should primarily be spent on harnessing large rivers and certain major water conservancy projects. Small-size projects should be financed primarily by collectives and individual peasants, especially the peasants' labor input. We should uphold and improve the system under which the peasants can contribute to building water conservancy projects through investing their labor, continue to implement the principle that "whoever benefits shall share the burden," and fully mobilize the peasants' initiative in building water conservancy facilities based on the needs, voluntary participation, availability of resources, effectiveness, mutual assistance, and mutual benefit.

While launching water conservancy projects, the efforts exerted by the masses should be treasured. To ensure the quality of various projects, plans should be drawn up scientifically, and construction should be carried out meticulously. Our objective is to increase production. Formalism is not permissible.

3. Earnestly Organize Comprehensive Agricultural Development

China is a populous country, and its agricultural resources now in use are inadequate, so it must attach

great importance to comprehensive agricultural development. To expand new and usable new resources, priority should be given to improving the fertility of the medium and low-yield cropland, and developing barren hills, slopelands, beaches, and water bodies that can be used for agricultural production, animal husbandry, afforestation, and fishery. More measures should be adopted for the protection of arable land and agricultural resources.

In comprehensive agricultural development, the following guidelines and policies should be earnestly adhered to: We should fully develop agricultural production, forestry, animal husbandry, and fisheries, focusing on increasing the yield of grain, cotton, edible oil, and meat. We should harness comprehensively hills, bodies of water, woodlands, croplands, and roads, closely combining economic, social, and ecological efficiencies. We should manage the newly developed resources on as large a scale as possible. Contracts governing development, management, and scientific and technical services and other incentives should be devised to encourage peasants, scientists, and technicians to participate in development. Regional development should proceed collectively, and planning and construction should be centralized, making sure that high standards are set.

Comprehensive agricultural development involves many departments and disciplines, and so all sectors should closely coordinate their work, take active part in it, and give full scope to their respective roles so that the objectives can be achieved.

Each year, authorities at various levels should increase their investment in agricultural production and comprehensive agricultural development. They should increase the supply of materials used for agricultural production, and maintain a basic price stability. The efforts to expedite agricultural production through science and technology should continue, and this means that we should sponsor scientific and technological training programs, popularize good seed strains, sum up and apply advanced farming and breeding techniques and management so that agricultural production can be more economically efficient.

4. Do Everything Possible To Solve Problems of Selling Agricultural Goods

All regions and departments should cooperate closely and do everything possible to broaden the purchasing and marketing of agricultural goods so that problems of selling agricultural goods can be solved, and so that the peasants can maintain their production enthusiasm, knowing that they can receive greater incomes from increasing production.

While the central government will set up special grain reserves, local authorities at various levels should also have their respective grain reserve systems. To satisfy the peasants' request to sell their surplus grain, the state will buy whatever they want to sell according to the protective prices that have been set. Various collectives

and agricultural households should also have their essential reserves in case there should be poor harvests in the future.

While giving full scope to the roles played by state commercial units and supply and marketing cooperatives as being the main traders, we should also attach importance to the role played by collective commercial organizations and individual sellers in rural areas so that the production-supply-marketing ties established among various associations can be preserved. They should be permitted to trade whatever goods that have been opened to market regulation. Special efforts should be made to encourage and support them to engage in trading perishable goods and small quantities of agricultural goods.

All units engaged in purchasing agricultural goods and nonstaple food must buy, and settle accounts, in a timely manner. They should pay cash, instead of giving out "IOU slips." Banks and financial departments must make sure that funds earmarked by the state for purchases are delivered to the buyers in a timely manner.

To make sure that agricultural goods can be distributed unimpeded, earnest efforts must be made to streamline distribution; and to protect normal trade of agricultural goods and develop a nationwide market, all excessive checkpoints must be removed, all illegal fines and illegitimate levies must be dropped, and all acts of imposing regional barriers and dividing the market must be rectified.

5. Launch Education in Socialist Ideology

Since last winter, some localities have been launching education in socialist ideology in connection with rural reforms and economic construction and issues about which the masses are concerned. They have achieved very satisfactory results in this regard. All localities should consider education in socialist ideology as a basic part of spiritual construction and launch this project in the rural areas by stages over a period of two to three years, beginning this winter.

Education in socialist ideology in the rural areas is primarily that of propagating the party's basic line, patriotism, collectivism, and socialism. Emphasis should be placed on educating party members to reaffirm their socialist conviction; on guiding the masses to rely on their own efforts and achieve prosperity through hard work; on helping the masses understand the socialist nature of the system under which contracts are based on household output; and on cultivating people's collective spirit by properly handling the relationship among the state, collectives, and themselves. Special efforts should be made to educate party members and cadres on the need to serve the people wholeheartedly, change their mental state, work style, and work methods, and maintain close ties with the masses so as to keep pace with material and spiritual construction, reforms, and openness in rural areas.

While launching education in socialist ideology, emphasis should be given to positive education and self-education, and by commending the advanced and setting up examples. Propaganda and education should be combined with the settlement of outstanding local problems and they should be conducted in a way that they can expedite material and spiritual construction. We should give full scope to socialist democracy, adhere to the mass line, and heighten the peasants' sense of responsibility peculiar to their roles as being the masters of their own country. We should intensify education on planned parenthood and do a good job in promoting planned parenthood. We should intensify education on law and improve public order so that normal production and living order can be safeguarded. On the basis of heightening the people's understanding, we should establish and improve our rules and regulations and consolidate the results of ideological education.

When county and higher-level party and government organs select their cadres and send them to work in rural areas, they must assign leading cadres to guide them. They must earnestly study party policies, fully understand their assignments and responsibilities, strictly observe organizational discipline, go deep into the masses at the grass-roots units, and proceed their work with the support of the local organizations, cadres, and masses. Special attention should be directed to assisting the impoverished villages and areas stricken by natural disasters to solve their problems, improve their production and living conditions, and become affluent as quickly as possible.

It should be stressed that all types of educational activities must be good for consolidating and developing the success of rural reforms, especially the household output-based contract system, for further arousing the initiatives of the vast number of cadres and the masses, and for promoting rural stability, the development of the socialist commodity economy, and spiritual construction. In accordance with these requirements and the actual local situations, party committees at all levels must draw up implementation plans, set education priorities, and devise specific measures. Leading comrades of party committees must make this project a success by working at selected grass-roots units themselves, summing up experiences, and providing guidance according to the nature of different projects.

6. Do a Good Job in Improving the Grass-Roots Organizations in Rural Areas

As there are a multitude of things to be done in rural work, we have to depend on the grass-roots organizations to carry out every task. Therefore, we must achieve success in improving the grass-roots organizations at the township and village levels, with particular emphasis on the village level. It is necessary to give full play to the role of village party branches as the core of leadership, do a good job in improving the villagers' committee and the village cooperative economic organizations, and bring the roles of such organizations as the Communist Youth

League, the Women's Federation, and militia into play. We must concentrate our efforts on properly handling the following tasks during this winter and next spring:

(1) It is necessary to do a good job in the building of party branches by strengthening organizational activities, improving education among party members, and giving full play to the role of party branches as fighting bastions and the exemplary vanguard role of party members. As regards the party branches that lag behind in this endeavor, the party committees at the county and township levels must organize a task force by selecting some party members who are honest, fair, aggressive, and competent, and appointing them to act as party branch secretaries to help these party branches improve their organization. If no suitable candidates for village party branch secretaries are available at the moment, the party committee at the higher level may assign its competent cadres to assume the position in those villages. While carrying on their work, they may discover and train cadres.

(2) It is necessary to do a good job in improving the villagers' committee and the villagers' group. While properly performing its autonomous functions, the villagers' committee must educate, give impetus to, and organize villagers to accomplish the administrative tasks arranged by the township government. A system of discussing official business by villagers and making village affairs known to the public must be set up. All the important issues of common concern to the masses must be made public to them and must be subject to their supervision. Villagers' group must be established and its organization strengthened. It is necessary to mobilize the masses to formulate village regulations and agreement between the people in accordance with the laws in a bid to enhance the ability of villagers to abide by the laws, observe discipline, and govern and educate themselves, and bring about a good custom prevailing among villages.

(3) It is necessary to improve the system of managing village and township cooperative organizations and step up the establishment of agricultural contract, enterprise, financial, and collective accumulation management systems for cooperative economic organizations. With regard to the villages whose financial affairs are found in chaos, we must pay close attention to screening, cleaning up, and consolidating their financial affairs and establishing corresponding systems for them to prevent corruption, diversion of funds, and extravagance and waste.

(4) It is necessary to train cadres at the grass-roots level in rural areas. The county party committee and government must focus their attention on successfully training principal cadres for villages; and the prefectural (city) party committee and government must focus their attention on successfully training the principal cadres for townships and towns. This is for the purpose of improving the cadres' understanding of policies and scientific management and strengthening their ability to carry out the mass work and solve actual problems.

Meanwhile, it is also necessary for all relevant departments and organizations to provide training for the cadres of their affiliated organizations at the grass-roots level in rural areas in a planned way.

It is necessary for the party committees and governments at all levels to deepen the rural reform, arouse and protect the enthusiasm of peasants by every possible means, organize all trades and professions to continue to

give support to the agricultural sector, pay close attention to the implementation of every policy and measure, and exert themselves in the struggle for achieving new successes in agriculture and ushering in a new situation for rural work.

[Signed] The CPC Central Committee

[Signed] The State Council

[Dated] 1 December 1990

East Region

Anhui Holds Meeting on Enterprise Management

OW0612192990 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 5 Dec 90

[By station reporters (Ma Zhimin) and (Deng Baode);
from the "Provincial Hookup" program]

[Text] A meeting to exchange experience in the democratic management of enterprises in Anhui Province opened in Hefei yesterday. Jointly organized by the provincial federation of trade unions, the provincial party committee's organization department, and the provincial economic commission, the meeting was held to further implement relevant documents issued by the central authorities, the guidelines of the Sixth Plenary Session of the CPC Central Committee, and the guiding ideology of relying wholeheartedly on the working class. It also was held to sum up progress in the province's general survey of democratic enterprise management, to review progress and exchange experiences gained over the past few years in exercising democratic management of enterprises, to study and plan for future work in democratic enterprise management in our province, to further promote democratic enterprise management in Anhui, to foster a strong sense of being the master among the broad masses of staff members and workers, to give full play to the role of the working class as a main force, and to further promote political, economic, and social stability in our province.

More than 110 people attended the meeting. They included responsible comrades from trade unions, organization departments, and economic commissions, as well as representatives of units that have achieved fairly good results in exercising democratic management of enterprises, in all prefectures and cities throughout the province. Also attending the meeting were provincial party committee and government leaders Yang Yongliang, Liu Guangcai, and Long Nian.

Speaking at the meeting, Yang Yongliang, deputy secretary of the provincial party committee, said: Promoting the democratic management of enterprises is an important issue in earnestly implementing the guiding ideology of wholeheartedly relying on the working class, in fostering close flesh-and-blood ties between the party and the masses, and in carrying on the party's glorious traditions and practices. Besides bearing on the unity, stability, survival, and development of enterprises, democratic management also decides the success or failure of efforts to build the two socialist civilizations. Party organizations at all levels, especially leading cadres at all levels in enterprises, must wholeheartedly depend on the working class and emphasize and implement democratic management in enterprises.

Yang Yongliang said: We should correctly handle three types of relations to ensure that staff members and workers remain masters in enterprises and institutions.

First, we should correctly handle the relations between the party, the government, and workers in enterprises to ensure that they fulfill their responsibilities and jointly promote the democratic management of enterprises.

Second, we should correctly handle the relations between management and production workers.

Third, we should correctly handle the relations between strengthening the democratic management of enterprises and improving production and operations in enterprises.

Yang Yongliang also asked trade unions at all levels to emphasize democratic enterprise management in their work and bear the heavy organizational responsibilities given them. He asked all localities to seriously implement the guidelines of this meeting, draw up plans and measures, and take one big step forward in promoting democratic enterprise management in our province.

In his speech, Vice Governor Long Nian stressed the need to exercise the various rights of workers' congresses, to strengthen democratic systems in enterprises, and to give full rein to the role of staff members and workers in promoting the four modernizations. He also asked governments at all levels to support trade unions in fulfilling the functions of democratic participation and supervision.

(Bian Guofu), president of the provincial federation of trade unions, submitted a report entitled "Deepen the Democratic Management of Enterprises and Make New Contributions To Developing Anhui."

The meeting was chaired by (Gao Weiqing), vice president of the provincial federation of trade unions.

Jiangsu Governor Considers Industrial Adjustment

HK0612113090 Beijing RENMIN RIBAO in Chinese
28 Nov 90 p 5

[Article by Jiangsu Provincial Governor Chen Huanyou:
"Adjust the Industrial Structure; Improve Economic Results"]

[Text] The work focus in the second stage of economic rectification is to adjust the industrial structure and improve economic results. In Jiangsu Province, the most urgent task is to adjust the industrial structure and improve economic quality. To do this, a unified thought, a clear idea, a cooperative effort, and a concerted step are necessary.

Adjusting the Industrial Structure Is an Objective Need in Jiangsu's Economic Development

Jiangsu has registered rapid economic development since the Third Plenary Session of the 11th CPC Central Committee. Comparing 1989 with 1978, the province's gross output value increased by 3.39 times, its GNP by 2.1 times, its national income by 2.15 times, its revenue by 1.03 times, and its exports by 4.83 times. There are also quite a number of problems, however. For example,

large-scale economic fluctuations have occurred over the last few years and economic results have worsened.

Jiangsu's rapid economic development finds expression mainly in its industrial growth, particularly in the growth of its small processing industries. On the one hand, its industrial position and economic strength have markedly improved. In 1989 the province's gross industrial output value accounted for 72.3 percent of its gross social output value and 82.7 percent of its gross industrial and agricultural output value. On the other hand, its industrial structure is irrational. The main problems are as follows: 1) Industrial production has developed in excess of basic industries; 2) the mix of industrial products is too simple and their competitiveness is weak in both domestic and international markets; 3) industrial equipment and workmanship are not good and industrial stamina is seriously inadequate; 4) the composition of enterprises is not good, their economic results are bad, most industrial enterprises are small in size, and their cooperation in specialized production is not good; and 5) industrial distribution is not rational; different regions, cities, and rural areas have similar production structures. These problems have hampered the further development of the province's economy.

There are now two alternatives for Jiangsu's economy. One is adjusting its industrial structure to bring about the sustained, stable, and coordinated development of its economy; the other is to take a wait-and-see attitude until an opportunity presents itself for an all-out offensive, but this will lead to the old road. In this important period, the correct choice is the former, not the latter. An industrial structural adjustment is of major significance to rectifying and improving the economy, to maintaining a normal and prolonged industrial growth rate in Jiangsu, and to bringing about coordinated industrial development.

Transforming, Reorganizing, and Improving the Processing Industry Will Be the Focus of Jiangsu's Industrial Structural Adjustment

In the coming 10 years, which cover the Eighth Five-Year Plan, the guidelines for Jiangsu's industrial structural adjustment are as follows: Under the guidance of the state industrial policy, catering to domestic and international markets, taking advanced science and technology as an impetus, and targeted at improving economic results, efforts will be made to bring about "four changes" in its industrial structure, namely, a change from a labor-intensive type to the combination of labor and technology, a change from an inward-oriented type to the combination of inward- and outward-oriented types, a change from a high growth rate to better economic results, and a change from rough to intensive operation, all with the purpose of forming a new industrial and economic setup.

Based on this idea, the focus of our industrial structural adjustment is transforming, reorganizing, and improving the processing industry. By transformation, we mean

introducing technical transformation to the existing processing industrial enterprises to improve their skills and equipment. Aiming to catch up with and surpass advanced international and domestic levels and keeping in mind the cultivation and development of high technology, there is a need for close integration between technology and production. By reorganization, we mean reorganizing the existing processing industrial enterprises to improve their composition. First it is necessary to reorganize large and medium-sized enterprises and then guide small enterprises in building ties with large and medium-sized enterprises. On this basis, trans-regional, inter-trade, and multifunctional enterprise conglomerates will be formed. In the course of this reorganization, enterprises with high consumption and bad economic results, enterprises producing serious pollution, enterprises seriously short of production tasks, enterprises where production has stopped for a long time, and enterprises manufacturing counterfeit or bad quality products must be ordered to stop or shift to the production of other commodities.

By improvement, we mean improving the entire processing industry. We will adjust the mix of some products and improve a number of good quality products to reduce energy and material consumption and increase foreign exchange income.

Correctly Handling Some Important Relations in the Course of Industrial Structural Adjustment

An integration should be formed between an adjustment for adaptability and an adjustment for exploitation, so that these two will promote each other. Adjusting the industrial structure is not an expedient measure. There is a need to use an adjustment for adaptability to stimulate an adjustment for exploitation. According to the requirements of the state industrial policy and market needs, close attention should be paid to the adjustment for adaptability. In other words, the product mix should be adjusted in accordance with the four categorical requirements of "ensuring protection, giving priority, imposing restrictions, and exercising prohibitions." In addition, it is also necessary to carry out the adjustment for exploitation. This is particularly so for provincial and city authorities, which should focus their policies on resolving problems of a prolonged strategic nature.

There should be a combination between quantitative increases and storage, and the former should be used to promote the latter. A certain amount of investment is necessary for the adjustment of the product mix, particularly for an industrial adjustment. But it is unrealistic to pin our hopes on a huge investment for quantitative increases. The purpose of quantitative increases is to encourage storage. Jiangsu's fixed assets amount to over 100 billion yuan, but this has not been brought into full play. Various means and methods should be used to enable these assets to produce good results. A storage adjustment will inevitably involve the interests of small

enterprises. Efforts should be made to support these enterprises so that they will coordinate in specialized production.

It is necessary to rationalize the industrial structure. Irrational structures between industrial enterprises and within the same trades themselves should be resolved along with their quality problems. Efforts should be made to alleviate the contradictions between processing and basic industries; their contradictions should not be allowed to expand. But it is unrealistic for a province to achieve complete self-balance, nor is it necessary to do so, because this is neither carrying out large-scale socialized production nor practicing a planned commodity economy.

Keep a Firm Grip on the Important Links in the Industrial Structural Adjustment

First, it is necessary to reach a consensus in our understanding and to coordinate our action. Adjusting the industrial structure is an urgent task which allows no delay. In addition, adjusting the industrial structure will involve the interests of people in different fields. It is extremely important to take the overall situation into account. Localities and departments should overcome departmentalism and decentralization.

Second, it is necessary to work out a unified plan and exercise it at different levels. Jiangsu Province should follow the state industrial policy in formulating a plan for its industrial structural adjustment. Localities and departments should follow the province's unified plan in working out specific programs. This plan should be implemented in combination with the 10-year program and the Eighth Five-Year Plan in the course of rectifying and improving the economy. This plan should also be entered in the province's annual program. All departments in charge are required to coordinate the implementation of this plan.

Third, it is necessary to draw up a uniform policy for implementation in various ways. The implementation of the plan for the province's industrial structural adjustment should fall in unanimity with the state industrial policy. With this precondition, different methods may be employed. In other words, this will proceed under the guidance of the plan, with the encouragement of the state industrial policy, according to market needs, within the framework of administrative management, and restricted by the relevant law and regulations. The plan for the province's industrial structural adjustment should be implemented in light of regional strong points and interests by taking the merit of each case into account. The implementation of an encouragement policy should be combined with investment, credit, and taxation levers. Efforts should be made to resolve the contradictions of economic interests between different regions and trades. There is a need to strengthen the formation and management of markets, to standardize market activities, and to normalize the market order. It is necessary to improve the functions of the departments in charge, to strengthen

coordinated management over all trades and urban and rural industries, to formulate laws and regulations, and to strictly enforce them. All kinds of methods should be coordinated to produce comprehensive results.

Shandong Secretary Discusses Economic Work

SK0712062390 Jinan Shandong Provincial Service in Mandarin 2300 GMT 6 Dec 90

[Text] At the second plenary session of the provincial Economic and Social Development Strategy Committee, which concluded on 6 December, Jiang Chunyun, secretary of the provincial party committee, stressed the need to have a correct appraisal of the current economic situation, conduct earnest study of the ideas and measures for the economic development of next year, and even the next five or 10 years, continue to advance in high spirit despite difficulties, and strive to bring about a steady economic upturn characterized by sustained, stable, and coordinated development.

Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, presided over the session.

In his speech, Jiang Chunyun emphasized the issues in nine fields. First is the issue of the economic situation. Jiang Chunyun said: With regard to the current economic situation, on the one hand, we should note that it has improved. Thanks to the concerted efforts of the people throughout the province, success has been won in this period of economic improvement and rectification, and a favorable turn has emerged in the economic situation. On the other hand, we should note difficulties and problems. Economic difficulties, especially deep-seated problems, of our province remain conspicuous, and the entire economy is still lagging far behind the goal of a steady upturn characterized by sustained, stable, and coordinated development. Favorable conditions for next year's economy have increased. As long as we achieve success in our work, the situation may be better than this year's. The key to this is to have a good mental outlook, fully develop our subjective initiative, and achieve success in current and next year's economic work.

Second is the issue of stability. Jiang Chunyun emphasized: Next year, and for a long time to come, we should still place stability above everything else. Maintaining stability should be the starting point of all our work, and the dialectical relationship between stability and development should be correctly treated. This should be taken as a guide to the arrangements of our future economic work so that appropriate growth rates in agriculture, industry, and other undertakings can be ensured next year, and better achievements scored.

Third is the issue of development. In studying our province's economic development, we should take into consideration both immediate and long-term interests, and coordinate next year's economic development with the Eighth Five-Year Plan and the 10-year tentative plan. The provincial as well as city, prefectural, and

county levels, and all trades and professions should not only study ways to develop next year's economy in a more down-to-earth and effective manner to make solid progress but also probe into the general goals, basic ideas, and measures for the development of the next five or 10 years.

Fourth is the issue of the industrial structure. To achieve sustained, stable, and coordinated economic development, we should maintain a roughly rational proportion among the primary, secondary, and tertiary industries. The general demand in the next step of work is to continuously maintain the stable growth in primary and secondary industries and accelerate the development of tertiary industry.

Fifth is the issue of education. All trades and professions should truly channel their guiding thought and work focus to the orbit centering on improvement of economic efficiency. They should achieve notable results in improving economic efficiency next year. In line with the arrangements of the State Council, all trades and professions and all enterprises should extensively and effectively carry out the activities for the quality, variety, and economic efficiency next year.

Sixth is the issue of technological progress. Science and technology are productive forces. We should actively adopt high and new technology and gradually transform the traditional technology. We should fully boost the enthusiasm of various quarters to raise the quality of laborers.

Seventh is the issue of accumulation. Correctly handling the relationship between accumulation and consumption is a very important issue concerning economic development. We should correctly handle the relationship among the state, the collective, and the individual, and guard against and overcome myopic behavior. We should carry forward the hardworking spirit and establish throughout society a good practice of pioneering our causes through hard work and frugality.

Eighth is the issue of reform and opening up. The in-depth reform is an important guarantee for attaining the goals of the economic and social development of the 1990's. The basic way for us to overcome difficulties and develop the economy in the future is still reform and opening up. As a coastal province, Shandong should make a greater and better stride in opening to the outside world.

Ninth is the issue of attending to two fields of work simultaneously. In the future, we should continue to attend to economic construction on the one hand and to party building and ideological and political work on the other. We should persistently attend to the two civilizations simultaneously and use socialist ideas to occupy our fronts. We should pay attention to the efforts of grass-roots levels to improve party organizations, party

style, and administrative honesty, and solve the problems for which the masses are demanding urgent solutions. This is the basic guarantee for political stability and economic development.

At the 5 December session, Liu Peng, vice chairman of the provincial Advisory Commission, and (Guo Xinzhang), deputy secretary general of the provincial government, introduced their study and observation tours in Northwest China, and in Jiangsu and Zhejiang Provinces, respectively. Wang Yuyan, chairman of the provincial Planning Commission, spoke to relay the guidelines of the national planning conference.

Pandu City in Shandong Boosts Basic Education

OW0712105990 Beijing XINHUA in English
0825 GMT 7 Dec 90

[Text] Jinan, December 7 (XINHUA)—Pandu City of east China's Shandong Province has discovered new methods to boost its basic education and has set a good example for others to follow.

Statistics show that the city has sent 1,000 students to more than 89 of the country's key colleges and universities since 1980. In the meantime, more than 100,000 newly qualified laborers were assigned to different work units in the city and 2,300 graduates from various vocational schools took positions in enterprise and factory offices. In addition, the 240,000 farmers that have received technical training have since become the backbones of their work posts.

The city has a population of one million. Its annual education funds were less than 10 million yuan before 1984. Each middle school and primary school student averaged only three yuan a year.

To resolve the shortage of educational fund, the city implemented a new fund raising method based on collecting two percent of each resident's yearly income or 8.5 yuan per capita. The city government was also asked to contribute 10 million yuan every year.

In addition, the city also collected two percent of each cadre's and worker's wages, 2.5 percent of the local enterprises' business volumes and 1.5 per thousand yuan of their commercial sales to fund education.

The city also invested 1.2 million yuan in the opening of teacher's training classes and training centers. Meanwhile, a total of five million yuan was invested in the construction of two ordinary teaching buildings, one with electrical audiovisual aids, and a physical and chemical laboratory building.

To resolve the shortage of qualified teachers, the city established bilateral relations with colleges and universities within and outside of Shandong Province. It also invited professors and lecturers to give lectures that might help the teachers in their approach to education. In all, about 6,000 of the city's teachers took part in various training classes.

Besides the ordinary middle schools, the city also set up six vocational schools with more than 4,500 students, accounting for 48.6 percent of the city's senior high school students.

Qinghai Observation Group Visits Shandong

SK0712062290 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 6 Dec 90

[Text] The Shandong-visiting group from Qinghai Province led by Yin Kesheng, secretary of the Qinghai Provincial CPC Committee, arrived in Jinan on 5 December to begin its observation activities in our province. That afternoon, Jiang Chunyun, secretary of the Shandong Provincial CPC Committee; Zhao Zhihao, provincial governor; He Guoqiang and Ma Zhongcai, Standing Committee members of the provincial party committee; Tan Qilong, member of the Central Advisory Commission, who had assumed major leading posts in Qinghai Province; and Gao Keting, veteran comrade of the province, cordially met with the Qinghai guests coming from afar at Jinan's Nanjiao Guesthouse and extended them warm welcome.

Major objectives of the visit of the Qinghai Provincial observation group are to understand our province's endeavors of opening to the outside world, developing lateral economic ties, adjusting the industrial structure, and comprehensively developing the rural economy and to discuss ways to further strengthen the mutual support by the counterparts of the two provinces.

On the morning of 6 December, Jiang Chunyun, Zhao Zhihao, and Ma Zhongcai, provincial leading comrades, and responsible comrades of pertinent provincial departments, held a forum with the comrades of the Qinghai observation group on the work of the two provinces. On behalf of the provincial party committee and government, Ma Zhongcai introduced our province's major work to the Qinghai guests. During the forum, Jiang Chunyun and Zhao Zhihao said: Having sister-province relations, Shandong and Qinghai have established close ties in their long period of exchanges. With our respective advantages and characteristics, our two provinces will create tremendous economic efficiency if we supplement each other with our advantages. They expressed the hope that in the future, the two provinces will further strengthen exchanges and cooperation, achieve common development, and advance hand in hand.

Yin Kesheng introduced Qinghai's political and economic situation and development plans. He said: Major objectives of our current visit to Shandong are to learn from its experiences and probe into the areas and roads for further cooperation and development of the two provinces so that our sister-province relations will become closer.

During its stay in our province, the Qinghai observation group will also go to Jinan, Taian, Qufu, Yantai, Weihai, and Qingdao for observation activities.

Central-South Region

Guangdong's Lin Ruo Meets Hong Kong Official

HK0512063090 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 3 Dec 90

[Text] Lin Ruo, secretary of the provincial party committee and chairman of provincial People's Congress Standing Committee, met with Mr Yao Meiliang, a public figure from Hong Kong, who is also chairman of the board of the Nanyuanyongfang Group Company in the provincial party committee conference room yesterday evening and held cordial and friendly talks with him.

Li Ruo praised Mr Yao Meiliang for his efforts to develop Chinese culture and his concern about China's culture, history, and education.

Yao Meiliang cheerfully told Lin Ruo about his trip to China to take part in a series of activities in celebration of the 150th anniversary of the inception of Chinese modern history.

Total Guangdong Industrial Output Value Up

OW0612181290 Beijing XINHUA in English
1601 GMT 6 Dec 90

[Text] Guangzhou, December 6 (XINHUA)—The total industrial output value of Guangdong Province, south China, reached 94.914 billion RMB [Renminbi] yuan (18.4 billion U.S. dollars) in the first ten months this year, 13.6 percent more than in the same period of last year.

This was announced by Yu Fei, vice-governor of the province at a meeting here today.

Yu said that the province's national gross product this year is expected to increase by 8.1 percent while its national income is expected to grow by 7.9 percent.

He predicted that the province's total industrial output value is expected to reach 116 billion RMB yuan this year, 14.4 percent higher than a year ago.

He noted that the province's volume of export is expected to amount to 9.5 billion U.S. dollars, up 15.6 percent over a year ago.

In the first ten months this year, Yu said, the province's turnover from retail trade was 1.9 percent more than in the same period of last year. Meanwhile, he added, the price index has kept dropping in the last ten months.

Yu Fei said the province's revenue in the first 10 months this year was 15.7 percent more than in the same period of last year while its expenditure dropped by 7.3 percent.

The province's grain output this year is 490 million kilograms more than last year, setting an all-time record, Vice-Governor Yu said, adding that its total output

value of agriculture is expected to reach 21.8 billion yuan (4.2 billion U.S. dollars), 5.8 percent more than last year.

Guangzhou Technology Zone Gets Foreign Funds

OW0612164990 Beijing XINHUA in English
1413 GMT 6 Dec 90

[Text] Guangzhou, December 6 (XINHUA)—A number of large foreign funded large industrial enterprises, which use advanced technology and equipment, have added production capacity to the Guangzhou Economic and Technology Development Zone (GETDZ) since the beginning of this year.

Huang Ruiyuan, a GETDZ official, says that foreign investment includes Proctor and Gamble (P&G) from the United States.

The Sino-foreign joint Guangzhou Malt Corporation Ltd. with a total investment of 30 million U.S. dollars produces 600,000 tons of malt a year and is the biggest malt producer in Asia.

The 120 enterprises which are now in operation are expected to produce a total annual industrial production value of 1.2 billion yuan, to export commodities valued at 101 million yuan and earn 100 million yuan in profit this year.

The GETDZ has thus far received investments from companies in the United States, Japan and Taiwan.

The GETDZ has signed 43 accords with foreign investors, during the first 11 months of this year, which have a total investment value of 86.3 million U.S. dollars—2.8 times more than last year.

In addition, Guangzhou now has 14 Taiwan funded enterprises. The city has sold the land-use rights over 260,000 square meters to Hong Kong businessmen for 67 million yuan.

Huang said that a better investment environment has been formed in the city after six years' construction of basic facilities. For example, the Hengyun power plant is capable of supplying the GETDZ 90 million kwh [kilowatt-hours] electricity a year.

Now 14 countries and regions including U.S.A., Canada, Australia, Japan and Italy are investing in the zone. It has approved 351 accords with a total investment of 2.9 billion U.S. dollars in the last few years. 89.51 million U.S. dollars of foreign capital is being used.

Guangxi Production Advances in 7th Plan Period

OW0712105690 Beijing XINHUA in English
0814 GMT 7 Dec 90

[Text] Nanning, December 7 (XINHUA)—Southwest China's Guangxi Zhuang Autonomous Region has scored notable achievements in grain, energy and raw material production during the state's Seventh Five-Year Plan period (1986-1990).

The region has fulfilled or exceeded economic targets of the state plan.

Statistics show that this year's total agricultural output value will reach 21.5 billion yuan (4.2 billion U.S. dollars), a 21 percent increase over 1985. Grain production is expected to set a new record by exceeding 13.7 million tons.

The production of subtropical plants such as sugar cane, fruit and tea has also developed at a rapid rate.

Land set aside for sugarcane has been expanded to more than 320,000 hectares or 105,000 hectares more than in 1985. The output of sugarcane is expected to be over 14.67 million tons, and fruit production is expected to reach 800,000 tons this year.

Predictions are that pork production this year will reach 800,000 tons or a 31.6 percent over 1985, and that production of aquatic products will reach 295,000 tons, a 56.2 percent increase.

Afforested areas have exceeded the target of the Seventh Five-Year Plan one year early and now cover over 1.97 million hectares.

Total industrial value in the province is expected to increase by 65.2 percent reaching 30 billion yuan this year.

The production of coal, steel, cement, sulphuric acid and caustic soda, pig iron, nonferrous metals, chemical fertilizers, water, electric power, building materials, and cigarettes and glass have all fulfilled state targets.

In addition, refined sugar will exceed 1.3 million tons and production of canned foods will exceed 170,000 tons.

Officials from the Guangxi Autonomous Region will stress the development of grain, and energy and raw material production during the Eighth Five-Year Plan period (1991-1995).

New Henan Governor Plans To Modernize, Revitalize

HK2411020890 Beijing CHINA DAILY in English
24 Nov 90 p 1

[By staff reporter Gao Jinan]

[Text] Zhengzhou—Henan's new provincial governor has said he is determined to revitalize the local economy and eradicate poverty by the end of the century.

Government officials told CHINA DAILY that Governor Li Changchun planned to improve Henan's infrastructure to lure foreign investors and tourists.

The inland province—with 85 million people China's second most populous after Sichuan—sits on the middle reaches of the Yellow River and is often referred to as the "cradle of Chinese civilization" because many ancient dynasties centered their administrations there.

But its economic development has lagged behind other provinces since the open-door policies were adopted 10 years ago.

Officials from the Provincial Planning Commission said transportation and telecommunications would be modernized over the next five years.

And an international airport had been approved and would be constructed in Zhengzhou, at a cost of more than 300 million yuan, within five years.

The officials said the airport would be suitable for all types of planes and would be equipped with the most advanced facilities.

They said the new governor had also proposed an expressway along the Yellow River, 200 kilometres from Kaifeng to Luoyang via Zhengzhou.

The expressway would cost about 1.7 billion yuan and was scheduled for completion by 1995, they said.

And highways would be built to link Puyang with Luoyang via Xinxiang and Jiaozhuo.

They said \$90 million in loans from the World Bank, which bank officials were now considering extending to Henan, would be used to pay for the infrastructure improvements.

The Henan government officials said the six cities along the Yellow River would eventually form what they called a "city group" which would help support the development of the province's export-oriented industries.

They said each city would concentrate on developing one or two industries—for instance, Zhengzhou would expand its textile industry, Luoyang its heavy industry and Puyang its petrochemical industries.

As poor telecommunications were a major obstacle to the implementation of open door policies, 200,000 telephones would be installed in major cities over the next five years to add to the existing 145,000 programme-controlled telephones in the province.

Hunan's Xiong Qingquan Inspects Autonomous County

HK0512062090 Changsha Hunan Provincial Service in Mandarin 2300 GMT 2 Dec 90

[Text] Yesterday, provincial party and government leaders, including Xiong Qingquan, Liu Fusheng, Shen Ruiting, and Yu Haichao, inspected (Jinzhong) Miao-Zhuang Autonomous County.

Thanks to the policies of opening up, the per capita income of the county has reached 512 yuan; the number of livestock kept in stock in the country has witnessed a threefold increase; the commodity retail sales volume of the county has exceeded 100 million yuan for four years running. All these changes have attracted the attention of Xiong Qingquan and his entourage.

Comrade Xiong Qingquan and other comrades visited the construction site of [words indistinct] power station which was under rapid construction. After being told that the people of the country had raised funds totaling 15 million yuan by themselves to build the power station, Xiong Qingquan spoke highly of them and said: In the process of opening up and development, we must develop such a spirit of self-reliance and hard work.

He also called on the leaders of (Jinzhong) County to further improve their work [words indistinct] and build (Jinzhong) into an (advanced) area in southwest China.

Southwest Region

Sichuan Province Reaps Bumper Harvest

OW0512021590 Beijing XINHUA in English 0150 GMT 5 Dec 90

[Text] Chengdu, December 5 (XINHUA)—The total grain output in southwest China's Sichuan Province reached 41.835 billion kg this year, one billion kg more than that of last year.

According to statistics from the provincial agricultural department, more than 4.53 million hectares of farmland repeatedly suffered from natural calamities this year, including drought, floods and plant diseases and insect pests.

In order to help the farmers overcome the effects of these calamities, local authorities provided the farmers with increased funding, chemical fertilizers, and agricultural plastic sheeting and input materials. The authorities also sent 89,000 officials, including 24,000 scientists, to help the local farmers initiate scientific farming methods.

The province's other crops have also achieved good harvests. The total output of economic crops increased considerably in Sichuan this year.

Tibet Leaders Attend 'Liberation' Rally

OW0612103790 Lhasa Tibet Television Network in Mandarin 1300 GMT 6 Dec 90

[From the "Tibet News" program]

[Text] The 40th anniversary of the signing of the agreement on the peaceful liberation of Tibet between the central people's government and the former local government in Tibet will fall on 23 March next year. The Tibet Autonomous Regional Party Committee and the regional people's government held a cadres' mobilization rally on unfolding propaganda work to commemorate the 40th anniversary of peaceful liberation of Tibet on the afternoon of 4 December. [Video shows rally being held inside a large hall; camera pans to show leading cadres, including Raidi and Gyaincain Norbu, of the Tibet Autonomous Region, as well as several hundred cadres sitting in rows facing the rostrum]

Party, government, and Army leaders of the autonomous region, including Raidi, Gyaincain Norbu, Danzim, Zi Cheng, Chen Hanchang, Sengqen Lozong Gyaincain, Pudoje, Lang Jie, Jangzhong Zhaxi Doje, Gyamco, Zheng Ying, Lhamin Soinam Lhunzhub, Jimzhong Gyaircain Puncog, Lhalu Cewang Doje, Huokang Suolang Bianba, Tangmai Gongjue Baimu, Qaba Gaisang Wangdui, Gonbasar Tubdanjigzha, Cedain Zhoima, Duoizha Jiangbailuosang, Wang Hailin, and Geng Quanli, as well as cadres at and above the independent district level in Lhasa and military cadres at and above the regimental level, attended the mobilization rally.

Raidi, deputy secretary of the Tibet Autonomous Regional Party Committee, presided over the mobilization rally.

Danzim, deputy secretary of the Tibet Autonomous Regional Party Committee, spoke first at the meeting. After summing up preparations made earlier this year for celebrating the 40th anniversary of the peaceful liberation of Tibet, he stressed three points:

1. Various units must study well relevant documents issued by the regional party committee, seriously understand the guidelines of those documents, include the preparation work for celebration and propaganda in the daily agenda of various units, and consider the preparation work as a main task of various units this winter and next spring. Activities to commemorate the peaceful liberation of Tibet are a good opportunity to carry out propaganda work and educate the masses. It is imperative to grasp this good opportunity to publicize the importance of unification of the motherland, strengthen the unity of various nationalities, and firmly oppose splittism and retrogression. At the same time, it is necessary to profoundly publicize the great achievements since the peaceful liberation of Tibet, particularly since the beginning of reform and opening to the outside world, and publicize the current excellent situation of stability and development in Tibet.

2. In carrying out activities to publicize and commemorate the 40th anniversary of the peaceful liberation of Tibet, it is necessary to explain fully and vividly the profound changes in the past 40 years in the spirit of seeking truth from facts and the great achievements made through joint efforts by people of various nationalities. It is necessary to warmly eulogize various policies of the party, especially the brilliant success of the party's policies on nationality affairs, united front work, and religious affairs in Tibet. Various units and departments must properly make arrangements for studying preparations and consider it political education. In addition to studying preparations, various prefectures and cities should properly form propaganda teams and send them down deep into agricultural and pastoral areas to carry out propaganda work. It is necessary to make these things known to each household and to all people. At the same time, it is necessary to consider propaganda activities a good opportunity for maintaining close ties with

the masses in a down-to-earth manner. We must conscientiously and effectively grasp this work in order to gain actual results.

3. It is necessary to strengthen leadership over propaganda work. It is hoped that party committees at various levels would effectively strengthen leadership. Leading cadres should personally take part in the work, mobilize all units and departments, and ensure complete success in carrying out propaganda activity. Various prefectures and cities should, in light of the actual situation of various localities, stress the grass-roots level in the vast agricultural and pastoral areas in carrying out the propaganda activity and seriously do a good job in propaganda and education work.

Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the regional people's government, made a mobilization speech.

Tibet Paper on Army Ties With Government, People

OW0612213390 Lhasa XIZANG RIBAO in Chinese
5 Nov 90 p 2

[Article by Ni Renhua (0242 0088 5478): "Promoting Close Relations Between the Military and the Government as Well as Between the Military and the People and Striving To Enhance National Unity"]

[Text] Tibet is a region in which minority nationalities, mainly the Tibetan nationality, live in compact communities. However, military units stationed in the region are comprised mainly of the Han nationality and are stationed among various minority nationality areas, thus giving rise to a pattern in which officers and men and the people of various nationalities live in the same social environment. This has brought about the present condition in which people of various nationalities are included in the military and the government, and the relations between the military and the government and between the military and the people are also directly reflected as relations among various nationalities. In contrast with the hinterland of our country, this is an important characteristic of the relations between the military and the government and between the military and the people in the Tibet autonomous region. Therefore, the relations between the military and government and between the military and the people in our region are the same as the relations among various nationalities. First of all, this sameness has been determined by the fact that there are various nationalities and by the geographical environment.

Judging from the course traversed by the military units in our region in the past few decades, we can see that military-government unity and military-civilian unity and unity among various nationalities are closely integrated. Whenever military-government unity and military-civilian unity are well promoted, firm unity among various nationalities will result. During the early period when the Chinese People's Liberation Army [PLA] entered Tibet, its officers and men loyally implemented

the party's policies on nationality and religion, respected the Tibetan people's customs, habits, and religious beliefs, and united with the patriotic figures of the upper strata, thus winning the people's sincere love and support.

Today, as the troops in our region shoulder the heavy responsibility of protecting and building Tibet, further promoting close relations between the military and the government and between the military and the people still has great significance for promoting Tibet's stability, prosperity, and development and for uniting the people of all nationalities to march along the road of socialism.

To strengthen the unity between the military and the government, between the military and the people, and among various nationalities, officers and men of all military units should take the initiative to do their work in all fields well by relying mainly on themselves. This is an experience the military units have gained in doing work among the masses in our region. The social environment also determines that they should do so. Then, how can they take the initiative to forge close ties with the people of all nationalities and contribute to national unity? Judging from the ideological trends in our region and among the region's troops, we should focus on doing the following tasks well:

First, we should eliminate harmful ideological obstacles and firmly believe in the idea that the Hans cannot be separated from the Tibetans and the Tibetans cannot be separated from the Hans. Harmful ideological obstacles directly affect the relations between the military and the government and among various nationalities. If we can overcome this factor, we can lay down a correct guiding principle. At present, several ideological obstacles need to be eliminated: 1) A Han-chauvinistic ideology; 2) regional nationalism; 3) the mentality of national disparity; and 4) narrow-minded regional mentality. These ideological obstacles will certainly lead to mistakes in words and deeds and to national estrangement. These are the most harmful things that can affect military-government unity and national unity. It should be understood that all nationalities, irrespective of the size of their population, are equal and constitute a member of the big family of the Chinese nation. There should be no distinction between big and small and between superiority and inferiority among nationalities, because they all have a long history and their strong and weak points. It is not right to compare the strong points of one nationality to the weak points of another. Backward regions or nationalities may one day become more advanced regions or nationalities in the course of social development. This is the objective law governing the development of history.

Second, we should correctly understand the meaning of interests and put the interests of the people of all nationalities above all else. The interests of soldiers basically coincide with the interests of the people, but some interests are primary while others are secondary. Failure to handle properly the relationship between

primary interests and secondary interests will hurt the feelings of some nationalities. Because of the impact of the commodity economy, some conflicts have existed between soldiers of some units and local people over certain specific interests in the last few years, casting a shadow on Army-people relations. As a people's army, we should put the people's interests above everything else at all times, and we should not contend with the people for interests. This is decided by the character and purpose of our Army, and it is also the fine tradition and work style advocated and carried forward by the PLA units in Tibet in the course of long revolutionary practice. The course taken by PLA units in Tibet over the last 40 years or so fully embodies the spirit of putting the people's interests above everything else.

Third, we should resolutely implement the party's policies on nationalities and religion.

The party's policies on nationalities and religion are the basic policies for settling nationalities issues in China. They also are the guidance for PLA units in Tibet in strengthening Army-government unity and Army-people unity. Chairman Mao exhorted us in the early years after the PLA entered Tibet: "When we ponder questions in Tibet, we should first ponder the questions concerning nationalities and religion." We should seriously implement the party's policies on nationalities and religion, uphold equality and unity among various nationalities, respect the customs and habits of minority nationalities, and actively help regions of minority nationalities develop their economy, culture, and education. We should make great efforts to train cadres of minority nationalities, and attach importance to and promote both their written and spoken languages. At the same time, we should resolutely implement the party's policy on religion and distinguish between religious questions and national splittism. We should distinguish the vast number of patriotic monks from a small number of people who practice splittism under the signboard of religion and not confuse the two. We should unite to the maximum extent with all the forces that can be united with, and we should isolate and strike at a handful of hostile elements.

Reviewing history makes us more sober, and having a clear understanding of reality makes our confidence more firm. We may say without exaggeration that in Tibet, Army-government unity and Army-people unity are the foundation of the unity among various nationalities, and the unity among various nationalities is the guarantee for Army-government unity and Army-people unity. For this reason, all officers and men of PLA units in Tibet must resolutely implement Chairman Jiang Zemin's important instructions, establish firm unity between the Army and the government and between the Army and the people, further promote unity among various nationalities, and make new contributions to Tibet's stability and prosperity.

North Region

Li Ximing at Premiere of Film Titled by Jiang

SK0612104090 Beijing BEIJING RIBAO in Chinese
28 Oct 90 p 1

[Excerpts] The premiere of a grand cultural and historical documentary—"The Vicissitudes in Yuanmingyuan"—the title of which was written personally by Jiang Zeming, general secretary of the party Central Committee, was ceremoniously held on 27 October. [passage omitted]

The municipal party committee and the municipal government have paid great attention to the filming of this documentary. Mayor Chen Xitong served as general adviser to the film. With the support of Beijing Municipality, Haiding District, and some experts, this documentary has revealed to a certain extent our country's modern history and destiny and has concentrated on depicting people's feelings and political comments. It is a vivid teaching material for promoting patriotism and enhancing national spirit.

Wang Guang, deputy secretary of the Beijing Municipal party committee, addressed the premiere. He noted: "The Vicissitudes in Yuanmingyuan" is good teaching material on patriotism for the broad masses of people, particularly youths. General Secretary Jiang Zemin personally wrote the title of this film, which shows that the party Central Committee has paid great attention to conducting education on patriotism and has encouraged the broad masses of literary and art workers to create more and better works on patriotism.

"The Vicissitudes in Yuanmingyuan" has been presented to the audience at a time when we have commemorated the 150th anniversary of the Opium War and the 130th anniversary of the disasters in Yuanmingyuan. The party and Communist Youth League [CYL] organizations at all levels should actively organize the masses, particularly youths, to see this film; regularly and persistently conduct education on patriotism, national integrity, socialist conviction, and communist ideals; enhance national spirit; intensify national cohesion; and push the motherland's socialist modernization cause forward.

Shan Zhaoxiang, executive vice chairman of the capital's Greening Committee, talked about the experience of producing the film and thanked Hou Renzhi, Zhou Wei-quan, and other experts for their support and help and for the efforts of the producers and personnel, including Geng Ye, Zhang Jiasheng, and Zhang Fuquan.

Xu Weicheng, executive vice minister of the central Propaganda Department, Feng Jun, secretary of the Secretariat of the CYL Central Committee, and Wang Zhili, vice president of the Yuanmingyuan Society, respectively addressed the premiere.

Ai Zhisheng, Zhu Kaixuan, Lu Yucheng and Wang Lixing, and leaders and personages concerned of the

Propaganda Department of the municipal party committee and the Haiding District party committee and government attended the premiere.

Visits Recuperating Writer

SK0612074890 Beijing BEIJING RIBAO in Chinese
28 Oct 90 p 1

[By correspondent Fang Ding (0416 0002): "Li Ximing Visits Liu Shaotang]

[Text] On 26 October, Li Ximing, secretary, and Wang Guang, deputy secretary of the municipal party committee, went to Rulin Village of Langfu Township in Tongxian County to visit Comrade Liu Shaotang, a writer who was recuperating there. In their talks, Comrade Liu Shaotang gave opinions and suggestions on work in the ideological field, and on issues concerning the training of young writers, and making literary creation flourish. Li Ximing wished Comrade Liu Shaotang an early recovery from his illness, and expressed support for his efforts to settle in Tongxian County, to go deep into the reality of life, to play a role in making folk literature flourish, and to train spare-time rural literary workers.

Beijing To Fulfill 7th Five-Year Plan Targets

OW0412141390 Beijing XINHUA in English
1301 GMT 4 Dec 90

[Text] Beijing, December 4 (XINHUA)—Beijing will fulfil or overfulfil its major economic and social development targets set for the Seventh Five-Year Plan (1986-1990), the municipal statistics bureau announced here today.

Statistics provided by the bureau show that the annual GNP growth rate averaged 8.4 percent between 1986 and 1990, while the annual growth rate of the city's national income was 5.7 percent.

The industrial output value increased 8.7 percent annually during the five years. Goals for most of the 57 kinds of major products have been fulfilled, with electricity, steel, rolled steel, yarn and cloth registering an annual increase of 3.1 percent, 10.2 percent, 10.8 percent, 2 percent and 2.9 percent respectively.

Beijing's surrounding counties yielded good harvests during the period. Grain output this year totalled 2.5 million tons, 373,000 tons more than planned, or 14.8 percent higher than in 1985, then last year of the previous five-year plan. Meanwhile, local farmers also overfulfilled targets set for vegetables, meat, eggs and fish.

The output value of township enterprises is estimated to reach 7.1 billion yuan this year, 3.5 times the 1986 figure, accounting for 15 percent in the city's total industrial output value.

A total of 60 billion yuan has been spent on the building of a number of backbone enterprises, hospitals, libraries, sports and cultural facilities and infrastructural projects.

Beijing's export registered an annual increase of 14.1 percent during the period. This year, the city is expected to export 1.2 billion U.S. dollars worth of commodities, nearly doubling the 1985 figure.

Meanwhile the city absorbed a total of 1.5 billion U.S. dollars from overseas investors, twice the figure during the sixth five-year period (1980-1985).

Beijing's tourist agencies received more than 4.92 million overseas tourists between 1986 and 1990, 4.8 times the figure for the previous five years.

The per-capita income this year is estimated at 1,780 yuan for urban residents and 1,300 yuan for rural residents, representing an annual increase of 10.9 percent and 14.4 percent respectively over the past five years.

Beijing Press Bureau Bans Market Periodical

*SK0712084190 Beijing City Service in Mandarin
1000 GMT 20 Nov 90*

[Text] According to a circular of the China Press and Publication Administration, the Beijing Municipal Press and Publication Bureau banned the illegal periodical ZHONGGUO SHICHANG XINXI [China Market Information] on 19 November.

This periodical was originally sponsored by the Economic Journalists' Association under the China Journalists' Association. Owing to above-limit distribution and illegal advertisement printing, this periodical has not been approved to receive printing permission since 1988. At that time, the China Economic Journalists' Association renounced ties with the periodical ZHONGGUO SHICHANG XINXI. After that, this association announced the temporary suspension of its activity.

Over the past two years or so, under the circumstances of having neither department in charge nor sponsorship, this periodical has used invalid permission certificates to conduct illegal publishing, illegally publishing a total of 107 issues of periodicals and 33 issues of the tabloid ZHONGGUO SHICHANG XINXI KAUIXUN [China Market Information Express Dispatch]. It also has continued to illegally print advertisements, and has illegally used such means as raising funds, holding meetings, organizing inspections, publishing books for charity, and developing members to amass money.

It is learned that the Municipal Press and Publication Bureau and the Municipal Industrial and Commercial Bureau are conducting a thorough investigation of the illegal activities of this periodical.

Beijing Improves Education for Handicapped Children

*OW0612180990 Beijing XINHUA in English
1629 GMT 6 Dec 90*

[Text] Beijing, December 6 (XINHUA)—Over 5,000 blind or deaf and dumb, and 200 retarded children have graduated from special schools in Beijing over the past 40 years.

Beijing has opened 17 special schools and 38 classes for children with disabilities in ordinary primary schools. At present the schools have enrolled over 2,300 students. This is a major improvement considering that 40 years ago there were only three such schools with 200 students.

Statistics show that over 16,000 children in Beijing, between 7-14 years old, are disabled but capable of learning and of that number 10,100 are mentally retarded.

While developing a program of universal education, Beijing has also developed a network of professional education for the disabled, which covers such fields as massage, computers, finance, fine arts and clothing.

In addition, local authorities have opened 45 centers to provide pre-school training for retarded and deaf children, and 58 nurseries especially for children with disabilities.

Tang Shixiong, deputy director of the municipal education bureau, told XINHUA that city authorities plan to require a nine-year compulsory education for blind children by 1992 and for the deaf by 1995. In addition, over 80 percent of retarded children will be enrolled in schools by 1995, he added.

Tianjin Muslim Suburb Among PRC Top 10 Towns

*OW0712044190 Beijing XINHUA in English
0233 GMT 7 Dec 90*

[Text] Tianjin, December 7 (XINHUA)—For any person in Tianjin weary of the stereotyped street scenes, Tianmu Town in this north China port city's northern suburbs is the perfect escape.

Visitors to the town are indeed increasing these days as the town has been selected one of the ten best townships in the country in terms of economic strength, people's living conditions and social harmony.

An exotic atmosphere behind the Arabic architectures, Arabic shop signs, and the snacks of special Arabic flavor fills the town. Every day the food and other main shopping streets of the town are packed with shoppers, visitors, tourists and local residents.

The two 14th century mosques in the center of the town are considered its symbols, for they distinguish the town from the adjacent Han nationality neighborhoods.

On Fridays, the town's over 16,000 Muslims gather in the mosques to listen to the Islamic scripture Koran. On the other days of the week, they practice their religion at home.

As Muslims, the residents all wish to go on pilgrimages to Mecca. There are currently four young Muslims from Tianmu Town studying language in Beijing in preparation for their journey.

The town also runs a Muslim school where Muslim children can study their own culture in addition to normal courses.

The town's Muslims consist of natives and outsiders. All of the natives to the town are descendents of the Muslim Tian Muhe and his two sons, who moved to this town over 500 years ago by way of the canal from southern China.

Traditional Islamic customs influence most of the town's 40,000 Han people. Some Han young men like to follow the Muslim tradition of being wedded by Imams. Marriages between Han people and Muslims is also quite popular here. However, Muslim young ladies are not encouraged by their elders to marry Han young men.

The 24 sq. km. Tianmu Town not only represents a special place with different customs for Tianjin people, but also reaches further into their daily lives, wherein lies the town's prosperity.

Every day over 150,000 kg of beef and mutton are delivered from Tianmu Town to markets in Tianjin City proper. The apricot stands that are run by Islamics are scattered all over the city and boast the largest sales volumes.

"Buy Tianmu's beef and mutton if you want the best", the saying goes among Tianjin people, whether Muslim or not. For Tianmu means quality, and somehow holy and as pure as the Imams who officiate the butchering.

Profits from the beef and mutton trade funds the over 300 enterprises and factories in the town, including those specializing in beef and mutton processing, Islamic food processing, traditional Islamic handicrafts and others which are primarily Muslim in character.

These enterprises provide employment for over 70 percent of the town's laborers, and ensure an average per capita annual income in excess of 3,000 yuan, which is more than twice that of a common urban worker.

Income figures for the self-employed can be ten times higher than those of average urban workers. For the majority of Muslims who used to support themselves with knives for cutting beef and mutton or glutinous rice cakes, plastering trowels, and porter's carrying poles, there is a wide gulf between life today and that of the past.

Wang Dehe, who used to earn a living cutting hair ten years ago, is now a very rich person who manages more than ten long distance transportation trucks.

He attributes his success to the country's reform policy, his own ability, and, of course, the help from Allah.

This year, for the first time, the top ten of China's over 70,000 total towns have been selected. Tianmu is one of them, deservingly so.

Northeast Region

Jilin's He Zhukang at Overseas Propaganda Meeting

SK0712021890 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 6 Dec 90

[Text] The provincial overseas propaganda work conference was held in Changchun from 4 to 6 December. The conference purpose was to discuss ways to better introduce China and Jilin to the world order so as to enhance a better understanding of Jilin, and further promote Jilin's opening to the outside world, its friendly ties with the various countries and regions of the world, and its economic, technological, and cultural exchanges and cooperation with them.

Attending the conference were leading comrades of city, prefectural, and autonomous prefectural party committees, provincial departments involving foreigners, and various large enterprises and institutions. Comrades He Zhukang and Wang Zhongyu also attended the conference. Comrade He Zhukang gave an important speech. Comrade Gu Changchun gave a work report. Comrade Liu Xilin gave a summarizing speech. Comrade (Zhou Shudong) also spoke to relay the guidelines of the national overseas propaganda work conference. Comrade Ren Junjie attended. The Changchun City party committee, the provincial Foreign Affairs Office, the provincial Foreign Economic Relations and Trade Commission, the provincial Tourist Bureau, Jilin Engineering Institute, and the Changchun No. 1 Motor Vehicle Plant introduced their experiences at the conference.

The participating comrades held during their discussions: At present, China has achieved political, economic, and social stability, scored good results in the endeavor of improvement, rectification, and in-depth reform, and made notable progress in foreign affairs. The smooth and successful Asian Games displayed our overall national strength and the new mental outlook of the Chinese people. The people of various countries and the vast number of compatriots overseas have shown more concern for the development of socialist China. Like elsewhere in the country, Jilin's situation is developing toward a still better direction. A bumper harvest was reaped in agriculture, industrial production is steadily picking up, and foreign exchange earned from exports has increased substantially. Next year we will enter the Eighth Five-Year Plan period, and will face very arduous tasks for economic construction and other

undertakings. If we close our door, it is impossible for us to successfully carry out socialist modernization. We should expand opening up, and welcome other countries, and personages from the various circles of Hong Kong, Macao, and Taiwan to conduct extensive economic, technological, and cultural exchanges and cooperation with us. To suit such a situation, we should introduce China and Jilin in a better way to enable the world to understand Jilin, and enable Jilin to march toward the world.

Through the conference, the participating comrades came to understand that to enable the world to better understand China and Jilin is a task for the entire party and society, which requires the active participation by people and departments at all levels and in all fields. Our province's contacts with other countries as well as Hong Kong, Macao, and Taiwan have increased and become more extensive because foreigners and Hong Kong, Macao, and Taiwan compatriots who come to our province total several 10 thousand every year. For this reason, not only press and publication departments but also foreign affairs offices, foreign economic relations and trade departments, tourist departments, science and technology commissions, cultural departments, education commissions, Overseas Chinese affairs offices, Taiwan affairs offices, banks, custom houses, public security departments, border defense departments, scientific research organs, large enterprises and institutions, and all other units in service of foreigners should introduce China and Jilin to foreign countries while carrying out their own vocational work. Leading persons of all localities and all pertinent departments and units should attach great importance to this work, include it in their agenda to be studied and carried out on a regular basis, and conscientiously strengthen leadership over it.

Quan Shuren Meets Discipline Inspection Cadres

SK0712061990 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 6 Dec 90

[Text] This morning, Quan Shuren, secretary of the provincial party committee; Sun Qi and Shang Wen, deputy secretaries of the provincial party committee; and (Xu Tingsheng), member of the Standing Committee of the provincial party committee and secretary general of the provincial party committee, visited provincial delegates to the national conference to commend advanced discipline inspection organizations and outstanding discipline inspection cadres, and extended congratulations to them. They also sent their regards to the discipline inspection cadres across the province.

Quan Shuren said: The discipline inspection organizations and discipline inspection cadres at all levels throughout the province have contributed to grasping the building of party style and honest politics. Comrades commending the national commendatory conference are representatives of some of the outstanding cadres. They have strong party spirit and are selfless and dauntless. They have the courage to adhere to principles and to

struggle against all phenomena that violate party discipline. They are worthy of being called the party's faithful defenders. He stressed: Doing a good job in building party style is a very arduous task and a long-term work. He expressed hope that the broad masses of discipline inspection cadres will strive to raise their political and ideological levels and their ability to clearly distinguish between right and wrong, will rely on the leadership of the party committees at all levels and the support and supervision from the party-member cadres and masses, and will do a better job in building party style, party discipline, and clean politics in the province.

Sun Qi and Shang Wen, deputy secretaries of the provincial party committee, also gave speeches at the meeting.

Our province's advanced discipline inspection organizations commended by the Central Discipline Inspection Commission were the Shenyang City Discipline Inspection Commission and the Dalian City Discipline Inspection Commission. The commended outstanding discipline inspection cadres were (Zhou Minglu), (Xu Guirong), (Zhu Baoshun), (Qu Shaojie), (Li Dechen), (Chen Qifa), (Chen Jiaohuo), (Gu Baozhu), (Zhang Nianlou), (Wang Shuzhi), (Li Jiaguo), and (Wu Xuan).

Quan Shuren, Others Write Inscription for Book

SK0712071590 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 6 Dec 90

[Text] A book entitled *The People's Public Servants [Renmin Gongpu]*, which was jointly compiled by the Work Committee of the provincial government organs and the provincial government office in charge of the public servant-cup emulation drive of provincial government organs met with the broad masses of office cadres recently and was well received by the readers. This book uses hosts of vivid and touching facts to introduce the advanced deeds of a number of good party cadres who serve as the party's good public servants. This is a good teaching tool for party-class education of organs and for administrative honesty education for cadres. Vice Governor Lin Sheng wrote the name of the book. Vice Governor Chen Suzhi wrote preface for the book. Quan Shuren, secretary of the provincial party committee, and Acting Governor Yue Qifeng wrote inscriptions respectively for the book.

Liaoning Coal Mines Prefulfill Production Plan

SK0712040890 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 6 Dec 90

[Summary] As of 6 December, Liaoning Province's local coal mines have produced 9 million tons of raw coal, prefulfilling the annual plan by 25 days.

Northwest Region

Qinghai Orients Grain Production Toward Market

OW0612154390 Beijing XINHUA in English
1356 GMT 6 Dec 90

[Text] Xining, December 6 (XINHUA)—The Qaidam Basin in Qinghai Province has become a major market-oriented grain producer on the Qinghai-Tibet plateau.

The basin, which covers 250,000 square kilometers consisting of vast areas suitable for farming, now produces 70 million kilograms of grain per year and thus has ended its history of living on state subsidies.

The Qinghai provincial government in recent years has encouraged state farms, collectives and individuals to undertake scientific farming.

The state has assisted the basin in its efforts to construct a number of reservoirs and irrigation facilities over the past five years.

At present, the basin has 700 households specializing in grain production and each delivers at least 5,000 kilograms of grain to the state each year.

Shaanxi's Zhang Boxing Addresses Reform Forum

HK0712085490 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 4 Dec 90

[Excerpts] From 1 to 3 December, the provincial party committee and the government held a forum mainly to discuss the question of learning from the experiences of coastal areas and speed up the pace of Shaanxi's reform and opening up.

Leaders of the provincial party committee, advisory committee, discipline inspection commission, people's congress, government, CPPCC committee, and military district; responsible comrades of various prefectures and cities; and responsible persons of all the relevant provincial departments attended the forum.

At the forum, Comrade An Qiyuan relayed an important speech made by Premier Li Peng during his recent inspection in Shaanxi.

Comrade Wang Shuangxi and Comrade Li Huanzheng gave reports on the recent study-investigation visits paid by the provincial party committee and government delegations to Tianjin, Zhangzhou, Shanghai, and Fujian.

All the comrades attending the forum spoke their minds freely and held heated and conscientious discussions. [passage omitted]

During their discussions, the comrades agreed that the main problems facing our province at present are: Not enough attention has been paid to ideological emancipation; some areas and units have not ideologically adhered to economic construction as the center, have been plagued by a host of obstructive factors, and have

lacked the pioneering spirit, competition concept, and [words indistinct], which are badly needed by commodity economy; some cadres have paid little attention to learning economic and professional work, mastering economic policies, and doing things in accordance with the economic law.

The responsible persons of Xian City and six relevant departments directly under the provincial authorities made speeches at the forum.

Governor Bai Qingcai delivered an important speech on the present economic work. Shaanxi Provincial Party Committee Secretary Zhang Boxing made a concluding speech at the forum.

The symposium held that to speed up the pace of Shaanxi's economic construction, reform, and opening up, energies must mainly be directed to the following aspects:

1. To more boldly emancipate the mind and update the concepts, strive to remove obstacles caused by habits, and constantly enhance reform and opening up. [passage omitted]

2. To concentrate efforts on increasing economic efficiency and grasping two aspects at the same time so as to push ahead with the provincial economy's development. To this end, it is necessary to make greater efforts to carry out technological transformation of the existing enterprises and promote township and town enterprise development as well as urban collective enterprise development.

3. To promote scientific and technological development in a down-to-earth manner, this being an important means of promoting economic development. To this end, greater efforts must be made to perfect a science and technology management system, increase financial appropriations to scientific research institutions, improve scientific research conditions, strengthen ideological and political work among scientific research personnel, and fully mobilize and give play to the enthusiasm of the broad masses of scientific and technological personnel with a view to enabling them to make greater contributions to Shaanxi's economic development;

4. To deepen reform; increase opening up; and ensure a sustained, steady, and coordinated development of the provincial national economy during improvement and rectification. To this end, it is necessary to grasp the following five aspects: 1) To readjust product mix, this being the key link, in order to push ahead with the industrial structure's readjustment and enhance the competitiveness of our province's products; 2) To continue to invigorate large and medium-sized enterprises, direct more energies to stabilizing and perfecting all types of contracted management systems, the factory director (manager) responsibility system in particular, [words indistinct]; 3) To consolidate the agricultural basis, firmly grasp grain production, and deepen rural reform; 4) To invite more foreign funds and advanced

science and technology, form lateral associations with other provinces and regions, and increase economic exchanges and cooperation; 5) To invigorate circulation and speed up commodity marketing; [passage omitted]

5. To strengthen party style and honest government building in a down-to-earth manner so as to create a favorable political environment for reform, opening up, and economic construction. All discipline inspection and supervision organs must comprehensively play their protection, punishment, supervision, and education roles; resolutely punish all types of corrupt elements; and, at the same time, cherish, protect, and mobilize the enthusiasm of the cadres and masses; support reform and opening up; and push ahead with economic construction;

6. To conscientiously improve leadership style and work style, unite all forces, make concerted efforts to promote economic construction, strengthen unity within leading bodies at all levels and unity between various principal leading bodies, and resolutely fend off all interferences so as to create such a situation that both higher and lower levels join hands in uniting all forces to make concerted efforts to promote the development of economic work.

Xinjiang Leaders on Discipline Inspection Issues

OW0612130790 Urumqi Xinjiang Television Network in Mandarin 1400 GMT 5 Dec 90

[By station reporter Umarjia Mohammed; from the "Xinjiang News" program]

[Text] This morning, autonomous regional leaders Song Hanliang, Tomur Dawamat, and Amudun Niyaz warmly received and had discussions with regional representatives who attended and received citations at the national commendation meeting for advanced organs and outstanding cadres in discipline inspection. [Video opens with shots showing Song Hanliang, Tomur Dawamat, and Amudun Niyaz shaking hands with unidentified men, then cuts to show them seated in a meeting room]

At the national commendation meeting, the CPC Yining County Discipline Inspection Commission and the Discipline Inspection Commission of the 12th Regiment of the CPC Production And Construction Corps' First Farm Division were awarded the title "National Advanced Discipline Inspection Organ." Eight comrades were awarded the title "Outstanding Discipline Inspection Cadre." They were Abudun Sikur, Mamat Salai, Wang Zude, He Zhimin, Zhao Guangyi, Li Shaoji, Liu Jiamin, and Zhao Wenjing. [Video shows medium shots of the three regional leaders seated together and medium to close-up shots of various representatives]

In their reports to the autonomous regional leaders, the ten representatives attending the meeting said unanimously: By holding the national commendation meeting, the party Central Committee demonstrates the great

importance it attaches to promoting healthy party practices, party discipline, and honest government. Our discipline inspection work is very difficult, but with the attention of the party Central Committee and the support of party committees at all levels in the autonomous region, we can surmount even greater difficulties, devote ourselves to accomplishing discipline inspection work throughout Xinjiang, and ensure healthy development in all aspects of work in Xinjiang.

After hearing the reports, Song Hanliang, Tomur Dawamat, and Amudun Niyaz said: There is an important historical mission in the party's discipline inspection work—ensuring the implementation of the party's basic line. Discipline inspection departments are an extremely important force that promotes healthy party practices and party discipline. Xinjiang's 4,000-plus discipline inspection cadres should strive to become the party's truly loyal defenders. They should manage party affairs strictly, display uprightness, and boldly investigate and deal with discipline violations, to uphold the party's purity, advanced state, and fighting capabilities. [Video shows close-ups of the regional leaders as each of them addresses the meeting]

The leaders expressed the hope that party organizations at all levels will earnestly stress efforts to promote healthy party practices, party discipline, and clean government; strengthen leadership over discipline inspection work; support efforts by discipline inspection organs to improve and strengthen their units; and help such organs to solve difficulties and problems. Discipline inspection organs should take the lead in playing their role and work closely with relevant departments, so as to become a formidable force that effectively performs overall inspectoral and supervisory functions and to raise the party's discipline inspection work to a new level.

Xinjiang Plans Increase in Economic Strength

OW0612155590 Beijing XINHUA in English 1355 GMT 6 Dec 90

[Text] Urumqi, December 6 (XINHUA)—Increased economic strength over the past decade has prepared Xinjiang Uygur Autonomous Region for even greater economic gains during the upcoming Eighth Five-Year Plan period.

The region's gross national product has increased by an average of 10.5 percent, annually, during the past ten years. People in Xinjiang now own more cotton per capita than in any other region in the country. Per capita grain consumption in the region ranks 7th while the per capita national income ranks 12th in the nation.

The region has also established economic or commercial relations with over 50 countries or regions, and now exports goods valued at 20 times more than ten years ago.

Xinjiang has completed construction of railways, power plants, petrochemical factories and other key projects, valued at 47 billion yuan during the past decade.

The region's economic development and abundant resources, along with a strategic location which makes it the door of northwestern China, is increasing its importance in the country's development and opening to the outside.

The recent discovery of rich reserves of oil and gas in the Tarim Basin, and the opening of the Eurasia continental bridge promise even greater prospects for the development of the area.

Considering its existing economic basis, Xinjiang is planning overall economic development in the next five years with emphasis on agriculture, oil and gas production and exploration, construction of electric power facilities, as well as textile and other industries.

Hong Kong**Land Bill Continues Despite XINHUA Attack**

HK0712024190 Hong Kong SOUTH CHINA
MORNING POST in English 7 Dec 90 pp 1, 2

[By Kent Chen]

[Text] The Government yesterday pledged to proceed with the legislative procedures for the controversial Town Planning (Amendment) Bill as planned, despite a warning by local Chinese officials.

The Secretary for Planning, Environment and Lands, Mr Graham Barnes, said comments made by local NEW CHINA NEWS AGENCY (NCNA) officials on Wednesday would not change the Government's determination to have the bill passed.

"We should be carrying on with the Town Planning (Amendment) Bill 1990 just as we were before. It is not going to make any difference," he said.

Mr Barnes said he was surprised by the NCNA's unusual move, but added that he was not particularly worried by the development.

"It won't make a slightest difference either to the form of the bill, or to the date on which it goes to the legislature," he said.

The bill was introduced to the Legislative Council last month when several legislators affiliated to the Heung Yee Kuk walked out of the meeting. The Government has yet to fix a date for the second and third readings of the draft amendment.

Mr Barnes denied the NCNA official's criticism that not enough consultation had been carried out on the bill.

"We had public consultation. We have a great deal of discussion on this particular thing, and when it has been agreed with the Legislative Council, we shall proceed," he said.

NCNA vice-director, Mr Zheng Hua, and director of external affairs, Mr Ji Shaoxiang, had implied that a hasty implementation of the bill would constitute a breach of both the Basic Law and the Sino-British Joint Declaration.

Their remarks were yesterday denounced by a former Basic Law drafter, Mr Wong Po-yan, who said was improper for the NCNA to comment on the issue.

Mr Wong, who headed the Basic Law Drafting Committee's economic sub-group, said: "The Basic Law will become effective after 1997. It is not appropriate for us to start using it to solve current problems.

"It is also not good for local groups to ask the NCNA to comment on the issue. The issue is a Hong Kong internal affair. We should settle it ourselves. Such an approach should not be encouraged."

But he also called on the Government not to make hasty changes of policy during the run-up to 1997.

Legislator Mr Martin Lee Chu-ming, who was removed by China from the drafting body, said the right to interpret the post-1997 constitution should be left to the court of Hong Kong after 1997.

Even if China was to interpret the Basic law, the proper organ should be the Standing Committee of the Chinese National People's Congress rather than the NCNA.

If legislators started taking orders from Beijing, it would be difficult for them to discharge their duties and that would lead to a breach of the Joint Declaration, he said.

The Heung Yee Kuk, which has been leading the campaign against the bill, yesterday held a special meeting to welcome the NCNA move.

The kuk is a statutory body which claims to represent the interests of about 500,000 indigenous New Territories inhabitants.

A kuk spokesman, Mr Heung Cheuk-kei, said the NCNA statement was unexpected but admitted it had raised the matter with Chinese officials. Mr Heung said the kuk had not ruled out the possibility of going to Beijing if its demands were ignored by the Government.

"Our next step depends very much on whether our meeting with the Government produces concrete results," he said.

Asked whether the NCNA remarks would undermine the Government's authority to rule, Mr Heung said: "The move will help them to try to work out a better working procedure. What they have been doing is wrong."

Mr Heung said that the kuk did not have any formal meeting with NCNA officials on the issue.

But he admitted that the subject was raised during a private banquet with a visiting deputy department head of the State Council's Hong Kong and Macao Affairs Office, Mr Chen Zhouer.

He said NCNA officials were also present at the occasion.

Kuk chairman, legislator Mr Lau Wong-fat, also had a private session with the Chinese team leader of the Sino-British Joint Liaison Group, Mr Guo Fengmin.

Mr Lau is currently on a private visit to London.

'One Country, Two Systems' Economic Institute Opens

OW0712120990 Beijing XINHUA in English
1054 GMT 7 Dec 90

[Text] Hong Kong, December 7 (XINHUA)—The "One Country Two Systems Economic Research Institute Limited" initiated by a group of noted public figures in Hong Kong has been established.

They include Ann Tse-kai, Wong Po-yan, David Li Kwok-po and Leung Chun-ying.

Registered as a limited company and approved by the Hong Kong Government on November 6, the institute will focus its research topics on Hong Kong's economic issues during and after the transitional period under the policy of "one country, two systems."

Ann Tse-kai is chairman of the institute, Wong Po-yan and David Li Kwok-po are vice-chairmen and Leung Chun-ying is secretary-general. They constitute a Permanent Council of the institute.

Shiu Sin-por, former deputy secretary-general of the Consultative Committee for the Basic Law of the Hong Kong Special Administrative Region, serves as executive director of the institute.

Ann Tse-kai said the institute is an independent, non-political organization and not affiliated with any government.

It is purely an economic research center, which will not assist or nominate any person to involve in elections, he stressed.

He said the Permanent Council hoped that the establishment of the institute will exert influences on Hong Kong's economic growth later.

Leung Chun-ying said the research topics (of the institute) have not been decided yet, but the four members of the Permanent Council have put forward several interesting topics covering a wide range of subjects such as the economic structure of Hong Kong as a whole, prospects for Hong Kong's cooperation with its neighboring regions, etc.

He said research items will probably come out later. Scholars and experts out of the institute will be invited to do research work.

Macao

Liaison Team Ends Ninth Meeting on Transition

OW0612165290 Beijing XINHUA in English
1401 GMT 6 Dec 90

[Text] Lisbon, December 6 (XINHUA)—The ninth meeting of the Sino-Portugal united liaison team on the

transition of Macao ends here today. A communique issued today said discussions had taken place in a friendly spirit.

Both sides reviewed the achievements made by the identity card group and the group for issues concerning public service, official status of the Chinese language, and translation of law into Chinese language.

The two sides also discussed Macao's participation in international organizations.

The next liaison meeting will take place from April 9 to 12, 1991, in Macao.

Airport Builder Strikes Back at Mainland Critics

HK0712025990 Hong Kong SOUTH CHINA
MORNING POST in English 7 Dec 90 p 6

[By Adam Lee in Macao]

[Text] The chairman of the company building Macao's new airport has hit back at the project's mainland critics, saying complaints of possible noise pollution were based on outdated standards.

The Macao International Airport Company chairman, Dr Carlos Santos Ferreira, said although China had expressed backing for the airport "on political levels", Beijing had to give more real support.

He said the information used by Zhuhai to gauge noise from the future airport was based on data from 16 years ago, not the current international standards.

It was also based on the type of aircraft with the highest noise index, not on calculations of all the current types of airliners.

Airport company officials met a group of representatives from the International Air Transport Association in Macao recently when Dr Ferreira raised the question of the noise dispute, and the slowness of the sand supply for the project from Zhuhai.

Macao's Under-Secretary for Transport and Public Works, Mr Luis Vasconcelos told the Legislative Assembly on Wednesday that the Government was waiting for the noise pollution dispute to be solved so construction could begin in earnest.

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